



GOLD CORPORATION

ANNUAL REPORT

2007



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Statement of Compliance

18 September 2007

The Hon Ljiljana Ravlich MLC
Minister for Local Government; Racing and Gaming;
Multicultural Interests and Citizenship; Government Enterprises;
Minister assisting the Minister for Planning and Infrastructure;
Goldfields-Esperance; Youth
12th Floor Dumas House
2 Havelock Street
West Perth WA 6005

STATEMENT OF COMPLIANCE

In accordance with the *Financial Administration and Audit Act 1985*, we hereby submit for your information and for presentation to the Parliament, the Annual Report of Gold Corporation for the year ended 30 June 2007.

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

P J UNSWORTH
Chairman

M E HARBUZ
Executive Director



The Year in Brief

- » *Gold Corporation made a profit before tax of \$9.8 million.*
- » *The number of Perth Mint coins, bars and medallions sold increased from 1 million to 1.4 million.*
- » *Coin, medallion and bar sales added value to 4.75 tonnes of gold, 69.82 tonnes of silver and 30 kilograms of platinum.*
- » *Two large precious metal coin contracts were successfully produced on behalf of other countries.*
- » *The value of precious metals held for depositors increased to \$1 billion.*
- » *The number of precious metal coin blanks produced increased from 8.6 million to 9.6 million.*
- » *Approximately 120,000 people visited The Perth Mint.*





Gold Corporation

*-more than a century
in precious metals*

The history of Gold Corporation 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When sovereigns were withdrawn from circulation in 1931, the Mint turned its skills to the production of base metal coins, although it still continued to refine gold.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 Western Australian Government. 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 in Newburn, near Perth's international airport. This facility commenced operation in 1990.

The Corporation has two wholly owned subsidiaries: the Western Australian Mint and GoldCorp Australia. The refining and associated activities are now carried out by AGR Matthey, in which Gold Corporation has a 40% interest.





Mission Statement

Gold Corporation develops and supplies precious metal related products and services, including:

- Australian legal tender investment coins and bars, which promote the ownership of precious metal for investment purposes;
- precious metal depository products which enable investors to invest in precious metals without having to deal with the security and other issues associated with the keeping of physical metal;
- proof, numismatic and commemorative coins which are legal tender of Australia and other countries;
- storage and safekeeping for precious metals;
- coin blanks and other precious metal products.

It also operates a tourist attraction based on the themes of gold, coins and their history at The Perth Mint. Through the AGR Matthey partnership, refining, assaying and other services are supplied to the gold industry. These enhance the value-added and export income derived from gold production.

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 reward to its employees;
- generating an acceptable financial return for its shareholder, the Western Australian Government; and
- paying a fair royalty to Australian Treasury on Australian legal tender coins issued.

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



Chairman's Review

Gold Corporation had another successful year with all its businesses performing well. Profit before tax was \$9.8 million compared to the previous year's \$7.3 million, an increase of 34.2%.

Precious metals prices remained high, although the gold price did not reach the peak of US\$728 achieved in the previous financial year. Investor interest in precious metals continued but there were also signs of profit taking with strong flows in both directions in Perth Mint Depository. The value of precious metal deposits grew to about \$1 billion and there are now nearly five thousand clients from around the world. Demand for bullion coins, especially silver, continued to be strong and Gold Corporation maintained its worldwide market share in gold bullion coins.

Numismatic or collector coin sales were also pleasing. The Discover Australia coin programme continues to have a strong following both locally and internationally, and a number of beautifully designed anniversary coins were launched during the year. Success was also achieved with coins minted on behalf of other monetary authorities. The Qatar legal tender coin programme minted for the Asian Games in Doha was successful and once more The Perth Mint was involved in the production of gold, silver and bronze sporting winners' medals. A large number of a special commemorative silver coin was minted for Thailand and some very interesting theme coins which were legal tender of Cook Islands

and Tuvalu were produced. Again, the volume of precious metal coin blanks supplied to other mints around the world increased.

With 74% of its total sales revenue of \$841 million from overseas, Gold Corporation is one of the largest exporters in Western Australia and continues to expand into new markets.

There is some concern about the tourism industry in Western Australia and it was disappointing to note a decline in the number of visitors to The Perth Mint. There are plans to invest in the visitor facilities, not only to preserve valuable heritage assets, but to increase the attractions offered.

Conducting business throughout Australia and the world would not be possible without Gold Corporation's many local and international business partners. Its many agents, distributors and dealers, many of whom have long standing relationships with the Corporation, once again proved invaluable. The Perth Mint has an excellent reputation throughout the world and its products are distributed extensively. All this is made possible by professional and dedicated business partners.

The AGR Matthey partnership, in which Gold Corporation has a 40% interest, refines all of Australia's gold and is one of the largest gold refineries in the world. It performed well during the year, contributing significantly to Gold Corporation's result.



I would like to thank my fellow directors for their dedication and contributions throughout the year. My best wishes go to Sue Boyd and Ron Edwards whose terms ended at 30 June 2007 and I welcome Gaye McMath and Ross Bowe who have just joined the Board. I also thank the Minister responsible for Gold Corporation, the Hon Ljiljana Ravlich MLC, Minister for Local Government; Racing and Gaming; Multicultural Interests and Citizenship; Government Enterprises; Minister assisting the Minister for Planning and Infrastructure; Goldfields-Esperance; Youth, for her support and interest in the activities of Gold Corporation.

The management and staff once again showed great dedication and commitment. The business is complex and demanding, with challenges created by remote customers, different time zones, language difficulties, demanding deadlines, extremely high quality standards and the constant need for innovation. Everyone rose to the challenge and, on behalf of the Board, I would like to express my appreciation.

I have every expectation that Gold Corporation's success will continue into the future.

P J Unsworth
Chairman





Review of Operations

Financial Summary

Gold Corporation had a successful and busy year with good results from all of its business activities. Profit before tax was \$9.8 million, compared to \$7.3 million the previous year. Although sales revenue dropped from \$933 million in the previous year to \$823 million, this reflected reduced sales of low margin bullion in favour of higher margin products.

Payments to the Western Australian Government for the 2006/2007 year will include income tax equivalent of \$2.8 million and a dividend of \$4.2 million.

The royalty payment to the Australian Treasury under the terms of the agreement enabling Gold Corporation to issue Australian legal tender coins will be \$1.8 million for the year.

These contributions will bring to \$57.8 million the total amounts paid to the State and Federal Governments by Gold Corporation since 1988.

In its ongoing programme to update equipment, facilities and information systems, the organisation's capital expenditure for the year was \$3.03 million.

Business Activities

Coins

Gold Corporation is the official producer of Australia's legal tender gold and silver bullion coins. It also mints and markets Australian precious metal numismatic issues and produces high-quality collector coins on behalf of issuing authorities of other countries.

Australian legal tender coins minted by The Perth Mint (the trading name by which Gold Corporation is widely known) are produced under the terms of an agreement with the Australian Treasury, which receives a royalty or 'seignorage' on each coin sold.

About 86% of Gold Corporation's revenue from the sale of coins, minted bars and medallions was generated from exports. Distribution was achieved through an international marketing network comprising banks, direct marketing companies and coin distributors. The most important markets continue to be in Europe, North America and Asia, with notable sales growth in countries where new markets have been developed in recent years - such as in Eastern Europe.

Two large coin contracts were successfully fulfilled during the year on behalf of other countries. The first was the official commemorative coin programme of the 15th Asian Games, which were held in Qatar. This contract also included the production of gold, silver and bronze medals for winners as well as volunteers' medals. The second contract saw the Mint produce a large volume of silver coins for Thailand to commemorate His Majesty King Bhumibol Adulyadej receiving the United Nations Development Programme's Human Development Lifetime Achievement Award.





AUSTRALIA



Discover
AUSTRALIA

COIN PROGRAM

VAN DIEMEN'S LAND
OR TASSIARIA



In total, Gold Corporation sold more than 1.4 million coins, medallions and bars during a year characterised by volatile and high precious metal prices. Interest in precious metal investment coins remained relatively strong, with The Perth Mint winning 13% of the world gold bullion coin market - a slight increase on the average for the previous few years. Demand for silver coins and bars was buoyant. A new Australian silver bullion coin was released in February 2007. Featuring a koala design, it proved to be popular with over 93,000 coins sold in four months.

Demand for The Perth Mint's Australian legal tender numismatic issues also remained strong. The Discover Australia collector coin programme, now approaching the end of its second year, and the Australian Lunar series with the 2007 coins celebrating the Year of the Pig, both sold well.

Among other successful commemorative themes celebrated on Perth Mint coins during the financial year were the:

- 50th anniversary of Australian television
- 50th anniversary of Dame Edna Everage
- 75th anniversary of the Sydney Harbour Bridge
- 50th anniversary of the Australian SAS
- 75th anniversary of the mysterious death of the race horse Phar Lap

Popular Cook Islands coins featured designs of dangerous Australian creatures and a series commemorating the 10th anniversary of the change in status of Hong Kong. Tuvalu legal tender coins included sets depicting Great Maritime Explorers of Australia and Fighting Ships of WWII.

The Perth Mint received valuable public recognition for its innovative coin programmes as the winner of the WA Industry and Export Award for Marketing and Design Excellence - the sixth time it has won this Award since 2000. Additionally, the Mint won two categories at the latest Coin of the Year competition in the USA with its 60th Anniversary of the End of World War II silver coin. Depicting a moving (lenticular) image of Australia's famous "Dancing Man", it was voted 'Best Contemporary Event Coin' and 'Most Innovative Coinage Concept'.

Coin, medallion and bar sales in 2006/2007 added value to 4.75 tonnes of gold (5.22 tonnes in the previous year), 69.82 tonnes of silver (36.65 tonnes) and 30 kilograms of platinum.

Various process improvements to increase productivity, reduce waste and streamline production were implemented. Of particular interest was the commissioning of the Mint's first automatic coining press, capable of producing up to 10,000 high quality coins per shift.





Precious Metal Coin Blanks

The Perth Mint is one of a few suppliers in the world of precious metal blanks, supplying many other mints with their requirements for gold, silver, platinum and palladium coin blanks.

The number of blanks produced was 9.6 million, compared with 8.6 million in the previous year. Only 20% were used internally and elsewhere in Australia; the rest were exported to mints in other countries. The requirements for coin blanks of various shapes, sizes and alloys presented a challenge, as did the tight delivery schedules frequently requested.

Perth Mint Visitor Experience

The Shop, Gold Exhibition and Tea Garden are housed in the Mint's beautiful, heritage-listed building, which was opened in 1899. A project has commenced to enhance these attractions. Preparatory work was undertaken during the year including an historical interpretation plan which will soon be ready, together with detailed plans to refurbish part of the public area. It is anticipated that the whole project will be carried out over the next two years.

There were approximately 120,000 visitors during the year, of which 82,000 paid to go on a guided tour which includes the well-known gold pour. The latter figure is down from the previous year's 86,000 visitors, reflecting a general downturn in tourism to Western Australia. The reduction in the number of tourists coming to Western Australia is of concern. The strength of the Australian dollar, the shortage of accommodation for tourists as it is taken up by increasing numbers of business travellers, and service difficulties caused by a shortage of staff in Western Australia are all cited as contributing factors.

Despite the reduction in the number of visitors, Shop sales of coins, bullion bars, natural nuggets, jewellery and souvenirs increased. Bullion coins and bars continued to sell in large quantities and many of the numismatic coins proved to be popular. Again, Australian products such as gold nuggets set in jewellery, pink diamonds and pearls, attracted the interest of tourists and other visitors.

The Mint continued its run of award successes receiving industry recognition at the 2006 Western Australian Tourism Awards as a Gold Winner in the Major Tourist Attractions category and as a Gold Winner in the Sir David Brand Tourism Award.

Perth Mint Depository

Volatility in precious metals markets led to investor uncertainty during the year, slowing the growth of Perth Mint Depository. While there was significant new investment in precious metals, there was also some outflow as investors realised profits. Despite this, there are now 4,970 clients from more than 90 countries entrusting approximately \$1 billion of precious metal with Gold Corporation.

Perth Mint Depository's three products - Perth Mint Depository Services, Perth Mint Certificate Program and the ASX-listed Perth Mint Gold - all showed growth.





AGR Matthey

Refining of gold and silver, and the production of gold and silver bars and bullion in other forms, is undertaken at the Newburn refinery in Western Australia. The precious metal products division (jewellery and industrial products) is based in Melbourne.

Almost all of Australia's mined gold was refined by AGR Matthey during the financial year, as well as gold from surrounding countries and recycled gold, mostly from Asia. The Newburn refinery's volume throughput makes it one of the largest refineries in the world.

The business once again had a successful year, making a significant contribution to Gold Corporation's result. Refining and Treasury operations performed very well and demand for physical gold was buoyant. The highlight of the precious metal products business was the growth in demand for platinum ware in medical applications.

Westmill

Kaltails

Gold Corporation's Westmill division holds a 10% interest in the Kaltails gold tailings retreatment project in Kalgoorlie with Newmont Australia owning the other 90%. Activity in the past financial year has been limited to ongoing rehabilitation, at minimal cost.

State Batteries

A number of former State Battery sites were vested in Gold Corporation some time ago and were closed down soon after. Westmill has inherited responsibility for them and, even though they are no longer operating, some have been leased to independent operators for various uses at minimal revenue.

The *Contaminated Sites Act 2003* took effect on 1 December 2006 and required all contaminated sites and suspected contaminated sites to be reported before 30 June 2007. The reporting of all the relevant State Battery sites was completed on time. So far, only one has been identified as requiring remediation and funds will be made available for this work from the Contaminated Sites Management Fund once the remediation plan has been approved.

STAFF

The total number of permanent and contract staff increased from 196 to 198 during the year. Of these, 186 were full time and 12 were part-time. They were assigned as shown below:

	30 June 2007	30 June 2006
Gold Corporation	32	34
Western Australian Mint	114	111
GoldCorp Australia	52	51
Total	198	196

Of the people in the organisation as at 30 June 2007, 128 were salaried staff and 70 were award employees. Women comprised 48% of the employees. Of the managers reporting to the CEO (Tier 1) 40% were women and of the Tier 3 employees (reporting to Tier 2) 33% were women.

Reflecting the tight labour market in Western Australia, gross staff turnover increased to 17% from 11% and the avoidable turnover rate increased to 13% from 8.5%.



Complaints Policy and Customer Service Charter

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

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

In the coin business, a total of 19,738 orders were processed and 90 complaints were received. Most of these related to coins or packaging damaged in transit. Depository processed 7,397 orders and there were six minor complaints.

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 the Australian gold industry. Its Mission Statement also requires it to promote the history and heritage of Australia through its coins.

The Perth Mint is a Silver Member of the Perth Convention Bureau and a Bronze Member of the Tourism Council of Western Australia. It is also a member of the Australian Institute of Export,

Museums Australia, Tourism WA Network, Association of Perth Attractions, The Perth Regional Tourism Association and Experience Perth. It is an active member of the Mint Directors' Conference, the body to which most mints in the world belong.

The Mint participated in Australasian Numismatic Dealers Association Stamp and Coin Shows in Sydney (twice), Perth and Brisbane, and Licensed Post Office Conferences in Melbourne and Perth. In August 2006, The Perth Mint participated in the American Numismatic Association Coin Show in Denver, and in February 2007 at the Berlin World Money Fair, the largest coin show in the world and an event where the whole industry meets.

Sponsorships of the arts and charities continued in 2006/2007, including the third year of the Mint's sponsorship of the Western Australian Symphony Orchestra's Patrons' Programme.

Production of The Perth Mint's newsletter, Australian Numismatic Post, continued and was mailed to subscribers and members together with new product information throughout the year.

Closing Comments

After another satisfying year and a good result, I would like to thank the executive team, management and all employees for their hard work and dedication during the year.

The good work continues and there is every reason to believe that the organisation will again enjoy success in the new financial year, and into the future.

M E HARBUZ

Chief Executive Officer



Activities





Precious Metal Investment Products

Gold is regarded by investors worldwide as a trusted and convenient method of diversifying an investment portfolio.

Gold Corporation offers the following products to investors:

Bullion Coins and Bars

- Gold Corporation, the operator of The Perth Mint, is the producer of Australia's official investment or bullion coins.
- Each coin is issued as legal tender under the Australian Currency Act 1965.

The appeal of investor coins struck by The Perth Mint is enhanced by superb artistry portraying iconic Australian animals:

- 99.99% pure gold Australian Kangaroo coins
- 99.99% pure silver Australian Kookaburra coins
- 99.99% pure silver Australian Koala coins

The investor programme also includes the Australian Lunar Gold and Silver Bullion Coin Series. Together with a popular range of minted gold bars, The Perth Mint's bullion coins are distributed through an international network of authorised agents, banks and dealers.

Perth Mint Depository

Perth Mint Depository provides investors with the opportunity of investing in precious metals without having to deal with the issues related to taking physical possession. It has three products: Perth Mint Depository Services, the Perth Mint Certificate Program and the Australian Stock Exchange-listed product, Perth Mint Gold.

Perth Mint Depository Services

Perth Mint Depository Services (PMDS) offers a range of precious metal purchase, storage and trading facilities on internationally competitive terms to both national and international investors. The service is promoted principally via the internet (<http://www.perthmint.com.au/depositaryservices.aspx>). The minimum investment is US\$50,000 for international clients and \$50,000 for Australian residents.

Perth Mint Certificate Program

The Perth Mint Certificate Program (PMCP) offers precious metal investments via an international network of approved dealers. With this product, investors receive a certificate confirming their acquisition of precious metal stored by The Perth Mint. The minimum investment is US\$10,000 for USA domiciled investors, with varying minimum amounts for other regions.

Perth Mint Gold

For investors who prefer the convenience of trading on the Australian Stock Exchange, Perth Mint Gold (ASX code: ZAUWBA) is structured as a warrant and enables both large and small investors to have an exposure to gold in their portfolios.



Commemorative and Numismatic Coins

The Perth Mint designs, manufactures and markets precious metal numismatic coins that are distinguished by their:

- Collector and commemorative design themes
- Mirror-like proof quality finishes
- Limited mintages
- Numbered Certificates of Authenticity
- Luxury presentation packaging

Marking a range of popular anniversaries, people and events, numismatic coins also celebrate the uniqueness of the Australian continent and the heritage, history and culture of its people. These coins are not only sold successfully in Australia, but also throughout the world, using the Mint's international marketing network.

In addition to the traditional numismatists, there are increasing numbers of collectors and gift-buyers interested in unusual and innovative releases. As part of its strategy to grow this sector of the numismatic market, The Perth Mint has developed a reputation for innovative coin treatments and pioneering coin manufacturing techniques.

As a result, the Mint has made popular coins with unusual shapes, coloured designs, moving images, selective 24-carat gilding and integral 'lockets' containing free-moving objects.

The majority of Perth Mint numismatic releases are issued as Australian legal tender. However, the Mint also produces collector coins issued as legal tender of other countries.





Precious Metal Coin Blanks

Gold Corporation also manufactures precious metal coin blanks for other mints. With world-class manufacturing technology and unrivalled expertise in all areas of blank production, it can create gold, silver, platinum and palladium blanks in an almost limitless number of shapes, weights and sizes.





Tourism

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. Among the many highlights of a guided tour of The Perth Mint are the spectacular gold pouring demonstration, the opportunity to lift a gold bar, and stunning displays of gold in its many forms.

Welcoming more than 120,000 international, interstate and local visitors annually, including many educational groups, The Perth Mint also provides an important glimpse into the history of gold production and precious metal coining in Western Australia since the late nineteenth century.

An elegantly appointed Shop in which visitors can acquire coins, nuggets, jewellery and souvenirs, and a genteel Tea Garden, are important and popular elements of The Perth Mint visitor experience.





Gold Refining

Gold Corporation has a 40% interest in the AGR Matthey partnership, Australia's only major gold refiner. The other two partners are subsidiaries of Newmont Mining Corporation (40%), a USA based international gold producer; and Johnson Matthey plc (20%), a major UK company in the business of precious metals, catalysts and chemicals.

The refinery in Perth refines virtually all of Australia's gold, gold from Pacific countries and recycled gold, mainly from Asia. It is one of the largest gold refineries in the world and also refines significant quantities of silver.

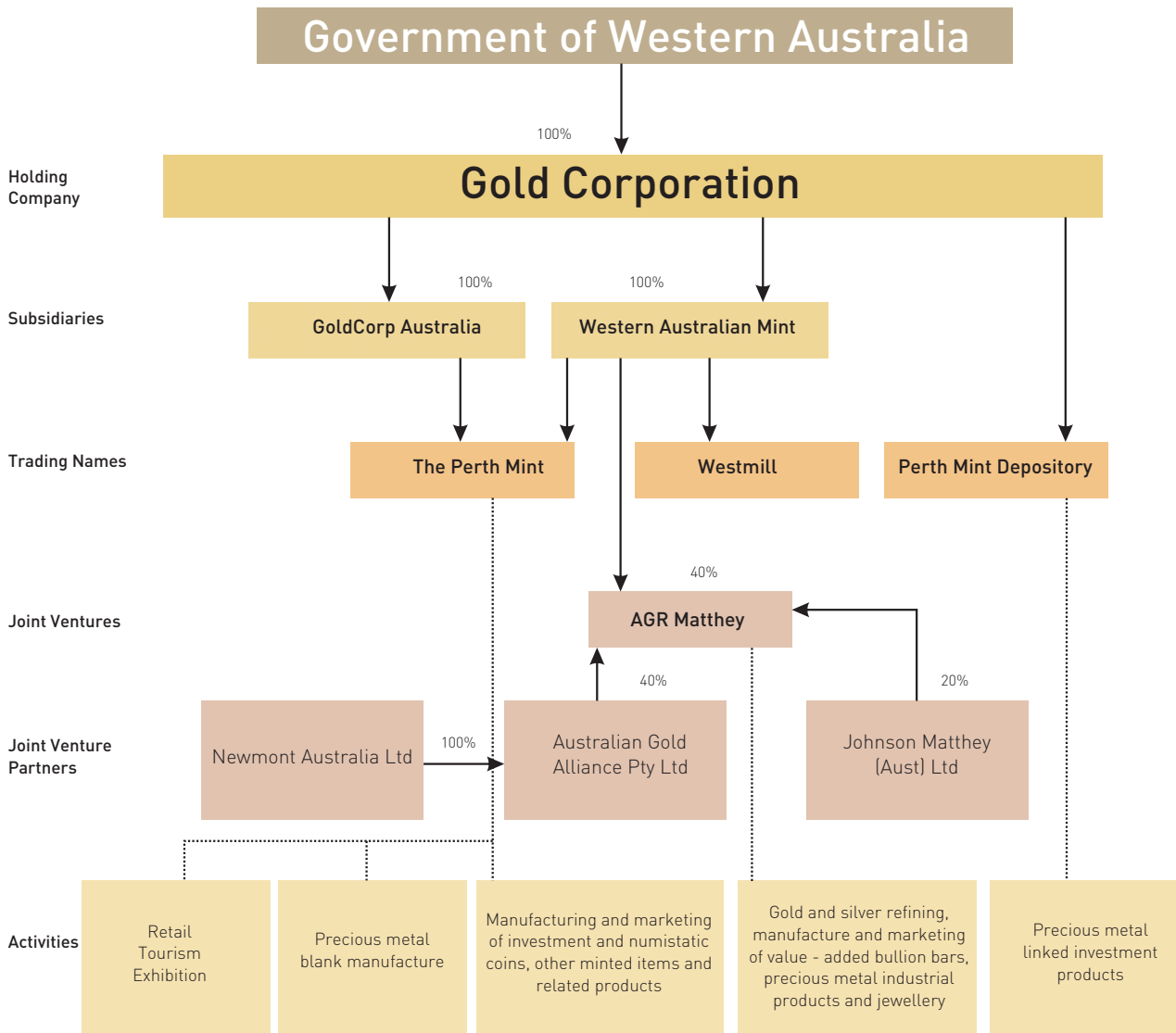
AGR Matthey is responsible for exporting most of the gold that it refines, largely in the form of value added products. It is one of Western Australia's major exporters.

AGR Matthey also manufactures and distributes precious metal industrial products and jewellery, both finished and unfinished; fabricated plate, wire and sheet for the jewellery manufacturing industry as well as high specification materials for medical applications.





Group Structure





Corporate Governance

Board of Directors

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

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

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

The Board is committed to sound corporate governance principles, high standards of legislative compliance, and appropriate financial and ethical behaviour. The Board regards directorial and managerial conduct seriously and as an integral part of sound governance practices. In accordance with that, the Board has committed itself to comply, wherever applicable, with the spirit and letter of the Australian Institute of Company Directors Code of Conduct and Guidelines. Additionally, Directors can seek independent professional advice on Board matters at the Corporation's expense, with the approval of the Chairman. No such advice was sought during the year.

Membership

Directors are appointed by the Governor of Western Australia on the nomination of the Minister and approval by Cabinet. There was no change in the composition of the Board during the 2006/2007 financial year. At year-end the Gold Corporation Board consisted of eight non-executive Directors and two executive Directors.

Director	Status	Expiry of Term
P J Unsworth (Chair)	Non-executive	30 June 2008
S J Boyd	Non-executive	30 June 2007
R F Edwards	Non-executive	30 June 2007
J L Langoulant	Non-executive	30 June 2008
D Mackay-Coghill	Non-executive	30 June 2009
M D Pop	Non-executive	30 June 2007
D R Smith	Non-executive	N/A, ex-officio
C S Wharton	Non-executive	31 October 2007
M E Harbuz	Executive	30 June 2009
R G Hayes	Executive	30 June 2007



Director Biographies

Peter Unsworth Ca, B.Com

Peter Unsworth was appointed Chairman of Gold Corporation, effective from 1 July 2001. A Chartered Accountant and corporate finance specialist, Mr Unsworth has extensive experience as a public and private company director, and is a director of AGR Matthey. Formerly an Executive Director of a leading Western Australian stock broking company, his career has included six years with an international accounting firm in Perth and Sydney and six years with the Perth Stock Exchange.

Dr Susan (Sue) Boyd BA Dip Ed D Litt (HC) GAICD

Sue Boyd is an Independent Trustee of the Argyle Diamond Mine Trusts (Gelganyem and Kilkayi Trusts); a Board member of Regional Rights Resources Team, the South Pacific's Regional Human Rights Organisation; an Executive Business Coach; a member of the Senate of the University of Western Australia; International Advisor to UNIFEM Australia; Adjunct Associate Professor in the Centre for International Health at Curtin University; and President of the Australian Institute for International Affairs (WA Branch).

From 1971-2003 Dr Boyd was a member of the Department of Foreign Affairs and Trade, serving as a senior Australian diplomatic representative in Europe, North America, Asia and the Pacific. She was Australian High Commissioner in Fiji 1999-2003, and concurrently High Commissioner to Nauru and Tuvalu, and Australia's Permanent Representative to the South Pacific Forum Secretariat. Previous postings were Australian Consul General in Hong Kong (1998-1999); Australian Ambassador to Vietnam (1994-1998) and Australian High Commissioner in Bangladesh (1986-1989). She is a former journalist and teacher.

Dr Ronald Edwards

B.Ed, M.Ed (Hons), Dip Tch TAFE, Ed.D

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

More recently Dr Edwards has taken on roles as Chairman of the Anglican Church Board of Youth Ministries, Chairman of Seafood Experience Australia, the national seafood promotion body, and Chairs the Rock Lobster Industry Advisory Committee. He is a board member of the Polly Farmer Foundation for aboriginal youth and acts as a consultant to the European Union Trade negotiations for the prawn and lobster industries, the yellow fin tuna aquaculture project in Geraldton, Tenix Corporation and Jackson Wells Morris.

John Langoulant B.Ec (Hons)

John Langoulant is the Chief Executive of the Chamber of Commerce and Industry of Western Australia, a position he has held since July 2004. Prior to taking on this position Mr Langoulant worked in the Commonwealth and Western Australian Treasury Departments. Between 1995 and 2004, Mr Langoulant ran the Western Australian Department of Treasury and Finance as the Government's Under Treasurer.

Mr Langoulant also serves on several governing bodies including as a member of the Senate of the University of Western Australia, a Director of the Telethon Institute for Child Health Research, the Industry Capability Network, the WA Ballet and the State Supply Commission. He is also a member of the Western Australian Curriculum Council and of the COAG Reform Council.



Don Mackay-Coghill

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

In recognition of his achievements he received the South African Marketing Award of the Year in 1978. In 2007, Mr Mackay-Coghill received the Australian Institute of Export's Australian Export Hero Award. Mr Mackay-Coghill is Chairman of AGR Matthey.

Martine Pop PhD EEC Commercial Law

Martine Pop had more than 12 years of credit, risk management and control management experience with Macquarie Bank and Challenge Bank, in senior and executive positions. Ms Pop has worked for the last eleven years as a Consultant, including six years with Ernst & Young, providing risk management and corporate management/governance advisory services to the private and public sectors. She is currently on the board of Verve Energy and chairs the Audit and Risk Management Committee for a number of WA agencies. She was a member of the 2004 Review of Australian Wheat Export Arrangements commissioned by the Federal Government. During the last eleven years Ms Pop has held board positions with the Australian Rail Track Corporation, SBS, The Grain Pool of WA and chaired the Western Australian Meat Industry Authority.

David Smith B.Econ (Hons)

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

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

Chris Wharton

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





M Edward Harbuz B.Sc (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 Limited, one of South Africa's oldest industrial companies prior to that. Preceding this, he was Chief Executive of Cullinan Refractories and Managing Director of Steetley Refractories in the United Kingdom. Mr Harbuz holds a Master of Business Leadership from the University of South Africa and a BSc (Engineering Electrical) from the University of Natal. Mr Harbuz is a member of the Pearling Industry Advisory Committee.

Richard Hayes B.Comm, MBA, CPA, ACIS

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

Meeting Attendance

There were six formal meetings of the Directors of Gold Corporation during the year ended 30 June 2007 and a number of informal meetings. The number of formal meetings attended by each Director is indicated in the table below.

Director's Meeting Attendance

	Attended	Eligible
P J Unsworth (Chair)	6	6
S J Boyd	5	6
R F Edwards	4	6
J L Langoulant	6	6
D Mackay-Coghill	6	6
M D Pop	5	6
D R Smith	4	6
C S Wharton	5	6
M E Harbuz	6	6
R G Hayes	6	6

Board Committees

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

Each committee member has only one vote and each resolution must be passed by unanimous agreement. In the event that agreement cannot be reached, the matter is referred to the Board for resolution.





Audit Committee

The Committee advises the Board on the quality, integrity, reliability and adequacy of the Corporation's information, accounting and control systems. The Committee acts as a communications interface between the Board and the Corporation's internal and external auditors.

Membership of the Committee during the year comprised Ms Pop (Chair), Mr Unsworth and Mr Mackay-Coghill. Attendees at meetings of the Committee were Mr Hayes (CFO), Mr Suchecki (Manager, Governance & Risk) and Mr De Nobrega (Group Accountant). Mr Harbuz (CEO) is an invitee. Attendees and invitees do not have voting rights. The Audit Committee met six times during the financial year. Attendance at the meetings is indicated in the table below.

Audit Committee Meeting Attendance

	Attended	Eligible
M D Pop (Chair)	6	6
D Mackay-Coghill	5	6
P J Unsworth	6	6

Remuneration and Allowances Committee

The Board of Directors delegates authority for determining conditions of employment to the Remuneration and Allowances Committee. The Committee's responsibilities include determining senior staff salary levels, alterations to core conditions of employment and incentive bonus schemes.

The Remuneration and Allowances Committee consists of Mr Unsworth (Chair), Mr Mackay-Coghill and Mr Harbuz. Ms Coutts-Wood, Manager Human Resources, also attends the meetings by invitation. The Committee met two times during the financial year. Attendance at the meetings is indicated in the table below.

Remuneration and Allowances Committee Meeting Attendance

	Attended	Eligible
P J Unsworth (Chair)	2	2
M E Harbuz	2	2
D Mackay-Coghill	2	2





Management Committees

Executive Management Committee

The Executive Management Committee consists of the senior managers of Gold Corporation. It meets weekly and is chaired by Mr 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 system to ensure it is comprehensive and integrated with key processes such as decision making, project management and planning. Regular monthly and quarterly reports are submitted to the Board on group financial risk, credit, audit and 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 Officer during the year was Mr Suchecki. No claims were submitted during the 2006/2007 period.

AGR Matthey

Gold Corporation, through its subsidiary Western Australian Mint, has a 40% interest in the AGR Matthey partnership. This interest entitles Gold Corporation to representation on the AGR Matthey Board of Directors. The representatives were Mr Unsworth, Mr Mackay-Coghill and Mr Harbuz.

In addition to the above, Mr Mackay-Coghill holds the position of Chairman of the AGR Matthey Board of Directors and Mr Harbuz serves on AGR Matthey's Audit Committee.

There were eight meetings of the Directors of AGR Matthey during the year ended 30 June 2007. The number of meetings attended by each Gold Corporation Director is indicated in the table below.

AGR Matthey Directors' Meetings

	Attended	Eligible
D Mackay-Coghill (Chair)	8	8
M E Harbuz	7	8
P J Unsworth	8	8



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 2258
E-mail: info@perthmint.com.au
Postal Address: GPO Box M924
Perth, WA 6843, Australia
Website: www.perthmint.com.au

MINISTER

The Hon Ljiljana Ravlich MLC
Minister for Local Government;
Racing and Gaming;
Multicultural Interests and Citizenship;
Government Enterprises;
Minister assisting the Minister for Planning
and Infrastructure;
Goldfields-Esperance; Youth

STATUTE

Gold Corporation was established under the
Gold Corporation Act 1987.

DIRECTORS

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

COMPANY SECRETARY

B M Suchecki

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 2258
Postal Address: GPO Box M924,
Perth, WA 6843, Australia
E-mail: info@perthmint.com.au
Website: www.perthmint.com.au
Contacts: M Edward Harbuz,
Chief Executive Officer
Bee Ng, Executive Assistant to the
Chief Executive Officer

PERTH MINT DEPOSITORY

Street Address: Perth Mint Buildings,
310 Hay Street, East Perth, WA 6004,
Australia
Tel: +61 8 9421 7280
Fax: +61 8 9221 7074
E-mail: pmds@perthmint.com.au
Contact: Nigel Moffatt, Treasurer and
Manager, Perth Mint Depository

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
E-mail: 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 7478
Fax: +61 8 9221 9804
E-mail: info@perthmint.com.au
Contact: Cathy Anza, Manager Perth Mint Shop

GOLDCORP AUSTRALIA THE PERTH MINT

Australia

Street Address: Perth Mint Buildings,
310 Hay Street, East Perth, WA 6004,
Australia
Tel: +61 8 9421 7222
Fax: +61 8 9221 3812
E-mail: info@perthmint.com.au
Contact: Veronica Maguire, General Manager
Minted Products

The Americas

Street Address: Perth Mint Buildings,
310 Hay Street, East Perth, WA 6004,
Australia
Tel: +61 8 9421 7222
Fax: +61 8 9221 3812
E-mail: info@perthmint.com.au
Contact: Ron Currie, Sales and
Marketing Director

Hong Kong

PMHK Ltd
Street Address: Room 1401,
Jubilee Centre
46 Gloucester Road
Wanchai, Hong Kong
Tel: +852 2525 1130
Fax: +852 2810 6809
E-mail: dominicl@PMHK.com.hk
Contact: Dominic Leung

Japan

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

Europe

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

Region- Middle East & India

Address: P O Box 42982, Dubai
United Arab Emirates (U.A.E.)
Tel: +971 4 351 6788
Fax: +971 4 359 5677
Email: savara@emirates.net.ae
Contact: Neera Savara

AGR MATTHEY

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



Statutory Reporting Requirements

Financial Estimates

The following financial estimates for 2007/2008 are based on Gold Corporation's budget and are included to satisfy the requirements of Treasurer's Instruction 953.

	\$000
Total Revenue	1,190,472
Total Expenditure	1,181,721
Operating profit before income tax	8,751
Income tax expense	2,625
Operating profit after income tax	6,126
Dividend	3,676
Retained earnings	26,318

Records Management

Under the requirements of the *State Records Act 2000*, Gold Corporation is obliged to report on its compliance with the Act and communicate this in its annual report. Significant progress was achieved during the past year to complete outstanding sections of our Record Keeping Plan. In April 2007, the organisation received an APPROVED status from the State Records Office. The efficiency and effectiveness of Gold Corporation's current record keeping plan will be reviewed every 5 years.

Furthermore, Gold Corporation must report on its record keeping training programme and its effectiveness and efficiency. Introductory sessions are offered to all relevant new staff which include their individual responsibilities under the Act. Relevant staff then receive one-on-one training in the use of the organisation's electronic document and records management system. Additional

training sessions are offered on an ad hoc basis or when an assessment of the current programme determines the needs for changes to the programme. All induction and training programmes are reinforced by manuals, policies and procedures.

The Corporation

Gold Corporation was established by the *Gold Corporation Act 1987* and the Minister responsible for the Corporation is the Hon Ljiljana Ravlich MLC, Minister for Local Government; Racing and Gaming; Multicultural Interests and Citizenship; Government Enterprises; Minister assisting the Minister for Planning and Infrastructure; Goldfields-Esperance; Youth. Details of the Corporation's mission statement, functions, structure and management are available elsewhere in this report.

The Corporation has no policy role in government, makes no laws or regulations except in relation to the conduct of its own affairs, and administers no schemes that confer benefits upon or place imposts on the public.

Section 6 of the Act empowers the Corporation's Board of Directors "...to determine the policy of Gold Corporation, the Mint and GoldCorp in relation to any matter and to control the affairs of Gold Corporation and each of its subsidiaries..."

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



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]*.

Documents which are available for purchase are: 90 Golden Years (published in 1989); The Perth Mint Numismatic Issues 1986 - 1996 (published in 1996); Striking Gold: 100 Years of The Perth Mint (published in 1999); and A Century of Minting Excellence: The History of Australian Coin Production at The Perth Mint (published in 1999).

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

FOI Exemption

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

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

FOI Procedures and Access

It is the aim of the Corporation to make information available promptly and at the least possible cost, and whenever possible, documents will be provided outside the FOI process.

If information is not routinely available, the *Freedom of Information Act 1992 (WA)* provides the rights enabling the public to apply for documents held by the Corporation.

Access applications have to (i) be in writing; (ii) provide sufficient information to enable identification of the requested documents; (iii) provide an Australian address to which notices can be sent; and (iv) be lodged at the Corporation, together with any application fee payable.

Applications will be acknowledged in writing and the applicant will be notified of the decision within 45 days.

Applicants who are dissatisfied with a decision of the Corporation may request an internal review.

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

FOI inquiries or applications should be made to the FOI Coordinator, Ms Bee Ng, Executive Assistant to the Chief Executive Officer, Gold Corporation, 310 Hay Street, East Perth, WA 6004, telephone (08) 9421-7222, facsimile (08) 9221-7031, email:

Bee.Ng@perthmint.com.au. Inquiries or applications may also be directed to the Manager, Human Resources, Ms Susan Coutts-Wood, email: Susan.Coutts-Wood@perthmint.com.au

Freedom of Information

Two applications were lodged to Gold Corporation under Freedom of Information (FOI) legislation in 2006/2007.



Section 175ZE of the Electoral Act 1907 (WA)

- 1 Section 175ZE of the *Electoral Act 1907 (WA)* requires a public agency to include a statement in its annual report detailing all expenditure incurred by or on behalf of the agency during the financial year in relation to:
 - a advertising agencies;
 - b research organisations;
 - c polling organisations;
 - d direct mail organisations; and
 - e advertising organisations

- 2 Details of this expenditure are as follows:

a	total expenditure;	\$289,450.53
b	in relation to each class of expenditure:	
i	amount of expenditure:	
	advertising agencies	\$85,899.88
	market research organisations	NIL
	polling organisations	NIL
	direct mail organisations	\$147,495.48
	media advertising organisations	\$56,055.17
ii	details of persons, agencies or organisations to whom the expenditure was paid:	
-	Linx Advertising Inc	\$9,247.17
-	Unique Advertising Ltd	\$76,652.71
	market research organisations	NIL
	polling organisations	NIL
	direct mail organisations	
-	Lasermail	\$147,495.48
	Media advertising organisations	
-	Media Decisions	\$56,055.17



Senior Management

(at 30 June 2007)



From left: R G Hayes, M E Harbuz, B R Shah, N P Moffatt, S J Coutts-Wood (back), V Maguire (front), B M Suchecki and J K Kees

GOLD CORPORATION

Chief Executive Officer
Chief Financial Officer
Treasurer & Manager, Perth Mint Depository
Manager, Governance & Risk; Company Secretary
Manager, Information Systems
Manager, Human Resources

M E Harbuz
R G Hayes
N P Moffatt
B M Suchecki
B R Shah
S J Coutts-Wood

GOLDCORP AUSTRALIA

General Manager Minted Products

V Maguire

WESTERN AUSTRALIAN MINT

General Manager Operations

J K Kees



Auditor General's Opinion



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

GOLD CORPORATION FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

I have audited the accounts, financial statements, controls and key performance indicators of Gold Corporation and the consolidated entity.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement of the Corporation and the consolidated entity for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Board's Responsibility for the Financial Statements and Key Performance Indicators

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.



Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

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

Gold Corporation

Financial Statements and Key Performance Indicators for the year ended 30 June 2007

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Gold Corporation and the consolidated entity at 30 June 2007 and their financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Corporation 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; and
- (iii) the key performance indicators of the Corporation are relevant and appropriate to help users assess the Corporation's performance and fairly represent the indicated performance for the year ended 30 June 2007.

COLIN MURPHY
AUDITOR GENERAL
18 September 2007



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 physical metal;
- provide storage and safekeeping facilities for precious metals;
- be a major supplier of precious metal blanks to the mints of the world;
- operate a tourist attraction, based on the themes of gold and minting, that is important to Perth and Western Australia;
- supply refining and other services to the gold industry of Australia; and
- preserve the historical mint building and artefacts that are part of the heritage of Perth and Australia.

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

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

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

Given the above *Treasurer's Instructions* and taking into account the Corporation's functions under the *Gold Corporation Act 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 Nugget and Lunar bullion gold coins and Kookaburra 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 world wide. Coin blanks are supplied in increasing quantities to the US Mint and other mints in the world.

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

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



The relationship between Government Goals and Gold Corporation's Performance

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

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

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

Effectiveness Indicators

		2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	Target
The key effectiveness indicators for outcome No. 1 are:							
1	Global market share of Australian Nugget gold bullion coin (Note 1)	9%	9%	11.3%	11.6%	13%	13%
2	Coin programmes - value added to gold, silver, platinum & palladium: (Note 2)						
	(a) Total premium income	\$14.0m	\$15.8m	\$20.5m	\$22.8m	\$26.1m	\$21.7m
	(b) Total premium income expressed as a percentage of precious metal value	19.9%	18.4%	20.0%	17.3%	16.1%	15.7%
3	Estimated proportion of Australian fine gold production refined by AGR Matthey (Note 3)	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
4	Return on equity (Note 4)	(5.9%)	10.5%	3.9%	11.6%	14.1%	10.6%
5	Dividends/income tax equivalent payable to the West Australian Government (Note 5)	-0-	-0-	\$2.4m	\$3.0m	\$7.0m	\$4.3m

The key effectiveness indicators for outcome No. 2 are:

6	a) Visitors to Perth Mint Exhibition (Note 6)	72,000	78,000	81,000	86,000	82,000	91,385
	b) Visitors' satisfaction level	99.9%	98.6%	98.6%	99.9%	99.9%	100%

Notes:

- For 2003/2004 onwards the figures are based on Gold Fields Mineral Services data for the previous calendar year. (Up to 2002/2003, the figures are based on World Gold Council data for calendar years.)
- The calculation is the total premium income (amount of income received above metal cost) for all financial year legal tender coin sales, which is also expressed as a percentage of the value of the precious metal content of the coins. The effectiveness indicator includes all Australian legal tender coins, as well as coins produced for other countries. A significant volume of non-coin precious metal product (eg medallions and coin blanks) was produced also during the financial year.
- This calculation is based on AGR Matthey's records and an estimate of total Australian fine gold production provided by the Australian Bureau of Agricultural and Resource Economics.
- The percentages show Gold Corporation's return on equity at the end of the respective financial year, based on the profit from ordinary activities before income tax. This is the performance measure referred to in the Gold Corporation Act. Provided the Corporation derives a profit, the WA Government receives the benefit of receipt of income tax equivalents and annual dividends from the Corporation.



- 5 Income tax equivalent, calculated as if the Corporation were a public company, is payable to the WA Government on profit from ordinary activities. Dividends are payable annually as a percentage of after-tax profit. These payments are forecast annually in Gold Corporation's business plan, and included in the Financial Estimates in the Annual Report.
- 6
 - a Total number of visitors (to nearest thousand) to the Exhibition annually, based on recorded daily visitor traffic.
 - b Satisfaction levels are derived from random sampling of comments entered into the visitors' book which is available in the foyer of The Perth Mint.
- 7 Comparative figures have been adjusted where necessary to conform with changes in presentation of the financial statements under AIFRS.

Services

1 Precious Metal Coins, Other Products and Services

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

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

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

2 Cultural Heritage Conservation

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

Efficiency Indicators

	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	Target
The key efficiency indicators for service No. 1 are:						
1 Trading profit as a proportion of sales revenue (Note 1)	7.2%	5.3%	6.1%	2.9%	4%	3.1%
2 Staff costs as a proportion of trading profit (Note 2)	57.1%	49.0%	54.5%	53.6%	55%	57%
The key efficiency indicator for service No. 2 is:						
3 Average cost per Exhibition/visitor expressed as an index (Note 3)	100	113	129	133	143	

Notes:

- 1 The percentages show the proportion of Gold Corporation's sales revenue represented by the trading profit (gross margin) for the respective financial year.
- 2 Staff costs include employee benefits 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.



Certification of Performance Indicators

CERTIFICATION OF PERFORMANCE INDICATORS

In our opinion, the Performance Indicators for Gold Corporation and its subsidiaries contained in this report are based on proper records, are relevant and appropriate for assisting users to assess the performance of Gold Corporation and its subsidiaries, and fairly represent the performance of the Group for the year ended 30 June 2007.

P J UNSWORTH
Chairman

M E HARBUZ
Executive Director

18 September 2007

THE PERTH MINT, 310 HAY STREET, EAST PERTH, WESTERN AUSTRALIA 6004
POSTAL ADDRESS: GPO BOX M924, PERTH, WESTERN AUSTRALIA 6843
TEL: (61 8) 9421 7222; FAX: (61 8) 9221 2258
E-MAIL: info@goldcorp.com.au WEBSITE: www.perthmint.com.au

ESTABLISHED UNDER THE GOLD CORPORATION ACT



Certification of Financial Statements

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of Gold Corporation and the accompanying consolidated financial statements have been prepared in compliance with the provisions of the *Financial Management Act 2006 (WA)* from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2007, and the financial position as at 30 June 2007.

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

P J UNSWORTH
Chairman

M E HARBUZ
Executive Director

R G HAYES
Chief Financial Officer

18 September 2007

GOLD CORPORATION AND SUBSIDIARIES
INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

		Group		Gold Corporation	
	Note	2007	2006	2007	2006
		\$000	\$000	\$000	\$000
INCOME					
Revenue					
Sales	2,32	840,991	932,607	762,835	870,889
Charges for technical services		244	603	-	1,307
Fees and rents		1,786	2,158	3,584	1,735
Interest revenue		5,338	4,784	5,338	4,784
Other Income					
Net profit on sale of assets	12	-	13	-	-
Revaluation increase in buildings	12	393	498	-	-
Dividends from subsidiaries	3	-	-	8,000	6,500
Share of profits of joint venture partnerships	10	3,868	2,775	-	-
Total Income		852,620	943,438	779,757	885,215
EXPENSES					
Cost of sales	2,32	808,741	905,865	761,121	869,761
Employee benefits	4	12,628	10,979	3,922	3,353
Materials and services		17,069	14,996	3,705	3,770
Depreciation	12	1,898	1,478	125	142
Amortisation	13	566	360	566	360
Computer rentals		289	270	289	270
Finance costs		960	1,676	960	1,476
Net loss on sale of assets	12	37	-	35	-
Currency translation movements		601	206	601	206
Foreign currency hedging	25a	1	33	1	33
Share of loss of joint venture partnerships	10	-	302	-	-
Total Expenses		842,790	936,165	771,325	879,371
PROFIT BEFORE INCOME TAX EQUIVALENT EXPENSE		9,830	7,273	8,432	5,844
Income tax equivalent expense	5	2,775	2,433	2,775	2,313
PROFIT FOR THE PERIOD		7,055	4,840	5,657	3,531

The Income Statements are to be read in conjunction with the Notes to the Financial Statements.

GOLD CORPORATION AND SUBSIDIARIES
BALANCE SHEETS
AS AT 30 JUNE 2007

		Group		Gold Corporation	
	Note	2007	2006	2007	2006
		\$000	\$000	\$000	\$000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	25,705	23,109	24,571	22,030
Receivables	7	3,299	4,617	9,490	8,149
Precious metal leases	8a	715,705	590,140	715,705	590,140
Inventories	8b	388,712	513,994	379,573	474,990
Prepayments		593	612	531	450
Total current assets		<u>1,134,014</u>	<u>1,132,472</u>	<u>1,129,870</u>	<u>1,095,759</u>
NON-CURRENT ASSETS					
Investments accounted for using the equity method	10	16,504	14,819	-	-
Loans to subsidiaries	7	-	-	41,411	64,208
Other financial assets	11	-	-	21,603	21,603
Deferred tax assets	5c	-	373	-	373
Property, plant and equipment	12	43,875	40,078	583	576
Intangible assets	13	2,139	2,195	2,139	2,195
Total non-current assets		<u>62,518</u>	<u>57,465</u>	<u>65,736</u>	<u>88,955</u>
TOTAL ASSETS		<u>1,196,532</u>	<u>1,189,937</u>	<u>1,195,606</u>	<u>1,184,714</u>
LIABILITIES					
CURRENT LIABILITIES					
Payables	14	23,930	24,427	18,147	17,411
Interest-bearing borrowings	15	219,727	213,766	216,227	210,266
Current tax liabilities	5e	1,993	1,939	1,993	1,939
Employee benefits	16	1,735	1,420	1,221	908
Other liabilities	17	879,602	886,095	879,602	855,667
Total current liabilities		<u>1,126,987</u>	<u>1,127,647</u>	<u>1,117,190</u>	<u>1,086,191</u>
NON-CURRENT LIABILITIES					
Employee benefits	16	160	258	66	117
Loans from subsidiaries	14	-	-	37,534	60,370
Deferred tax liability	5c	27	-	27	-
Total non-current liabilities		<u>187</u>	<u>258</u>	<u>37,627</u>	<u>60,487</u>
TOTAL LIABILITIES		<u>1,127,174</u>	<u>1,127,905</u>	<u>1,154,817</u>	<u>1,146,678</u>
NET ASSETS		<u>69,358</u>	<u>62,032</u>	<u>40,789</u>	<u>38,036</u>
EQUITY					
Contributed equity	18	31,603	31,603	31,603	31,603
Asset revaluation reserve	18	14,015	11,456	-	-
Hedge reserve	18	(16)	(632)	-	-
Retained earnings		23,756	19,605	9,186	6,433
TOTAL EQUITY		<u>69,358</u>	<u>62,032</u>	<u>40,789</u>	<u>38,036</u>

The Balance Sheets are to be read in conjunction with the Notes to the Financial Statements.

GOLD CORPORATION AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Group		Gold Corporation	
		2007	2006	2007	2006
		\$000	\$000	\$000	\$000
Total equity at beginning of financial year		62,032	56,829	38,036	34,998
CONTRIBUTED EQUITY					
Balance at beginning of financial year	18	31,603	31,603	31,603	31,603
Balance at end of financial year		31,603	31,603	31,603	31,603
RESERVES					
Asset Revaluation Reserve					
Balance at beginning of financial year		11,456	9,968	-	-
Revaluation land	12	1,200	-	-	-
Revaluation buildings	12	1,359	1,488	-	-
Balance at end of financial year	18	14,015	11,456	-	-
Hedge Reserve					
Balance at beginning of financial year		(632)	-	-	-
Share AGR Matthey hedge reserve		616	(632)	-	-
Balance at end of financial year	18	(16)	(632)	-	-
RETAINED EARNINGS					
Balance at beginning of financial year		19,605	15,258	6,433	3,395
Net profit for the period		7,055	4,840	5,657	3,531
Dividends to shareholder		(2,904)	(493)	(2,904)	(493)
Balance at end of financial year		23,756	19,605	9,186	6,433
Total equity at end of financial year		69,358	62,032	40,789	38,036
Total recognised income and expense for the period		10,230	5,696	5,657	3,531

The Statements of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements.

GOLD CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Group		Gold Corporation	
		2007	2006	2007	2006
		\$000	\$000	\$000	\$000
Cash flows from operating activities					
Receipts from customers		843,771	937,881	727,506	233,365
Payments to suppliers and employees		(837,038)	(930,097)	(722,856)	(229,543)
Interest received		5,338	3,888	5,338	3,888
Interest paid		(960)	(1,583)	(960)	(1,331)
Net cash provided by operating activities	19	<u>11,111</u>	<u>10,089</u>	<u>9,028</u>	<u>6,379</u>
Cash flows from investing activities					
Payments for plant and equipment		(2,410)	(3,946)	(381)	(183)
Payments for intangibles-computer software		(518)	(932)	(518)	(932)
Proceeds from sale of plant and equipment		220	117	219	93
Net cash provided by/(used in) investing activities		<u>(2,708)</u>	<u>(4,761)</u>	<u>(680)</u>	<u>(1,022)</u>
Cash flows to Government					
Income tax equivalent paid		(2,903)	(796)	(2,903)	(796)
Dividend paid		(2,904)	(493)	(2,904)	(493)
Net cash flow to Government		<u>(5,807)</u>	<u>(1,289)</u>	<u>(5,807)</u>	<u>(1,289)</u>
Net Increase in cash and cash equivalent		2,596	4,039	2,541	4,068
Cash and cash equivalents at 1 July		23,109	19,070	22,030	17,962
Cash and cash equivalent at 30 June	6	<u>25,705</u>	<u>23,109</u>	<u>24,571</u>	<u>22,030</u>

The Statements of Cash Flows are to be read in conjunction with the Notes to the Financial Statements.

GOLD CORPORATION AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES

Gold Corporation is an entity domiciled in Australia.

The consolidated financial report of Gold Corporation for the year ended 30 June 2007 comprises Gold Corporation and its subsidiaries (together referred to as the Group) and its interest in associates and jointly controlled entities.

The significant accounting policies adopted by Gold Corporation and its subsidiaries are stated to assist in general understanding of the financial statements. These policies have been applied consistently to all periods presented in the consolidated financial report and have been applied consistently by Group entities.

(a) Statement of Compliance

The Corporation's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

The financial report constitutes a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and UIG Interpretations, as applied by the Treasurer's Instructions.

In preparing these financial statements the Corporation has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

The Australian Accounting Interpretations are adopted through AASB 1048 *Interpretation and Application of Standards* and are classified into those corresponding to IASB Interpretations and those only applicable in Australia.

The AASB has decided to maintain the statements of accounting concepts (SAC 1 and SAC 2) and has continued to revise and maintain accounting standards and the interpretations that are of particular relevance to the Australian environment, especially those that do not have an equivalent IASB Standard or Interpretation.

The Financial Management Act 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 effect are disclosed in individual notes to the financial report.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation

The Corporation has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006:

- (1) AASB2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contract' or as a 'financial guarantee contract' under AASB 139 'Financial Instruments: Recognition and Measurement'. The Corporation does not currently undertake these types of transactions, resulting in no financial impact in applying the Standard.
- (2) AASB 2005-5: 'Amendments to Australian Accounting Standards' (June 2005) amending AASB 1: 'First time Adoption of Australian Equivalents to International Financial Reporting Standards' (July 2004) and AASB 139: 'Financial Instruments: Recognition and Measurement'.
- (3) 2005-01 'Amendments to Australian Accounting Standards' [AASB 139].
- (4) AASB 2006-1: 'Amendments to Australian Accounting Standards' (January 2006) amending AASB 121: 'The Effects of Changes in Foreign Exchange Rates' (July 2004).
- (5) AASB 2007-2: 'Amendments to Australian Accounting Standards' arising from AASB Interpretation 12 (AASB 1, AASB 117, AASB 139) paragraph 9.
- (6) UIG 5: 'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'.

The following Australian Accounting Standards and Interpretations are not applicable to the Corporation as they have no impact:

AASB Standards
and Interpretations

-
- 2006-3 'Amendments to Australian Accounting Standards [AASB 1045]'
 - 2006-4 'Amendments to Australian Accounting Standards [AASB 134]'
 - UIG 4 'Determining whether an Arrangement contains a Lease'
 - UIG 6 'Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment'
 - UIG 7 'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'
 - UIG 8 'Share-based payment' applies to transactions in which an entity receives or acquires goods or services in exchange for share-based payments, with limited exceptions.
 - UIG 9 UIG Interpretation 9: 'Reassessment of Embedded Derivatives'.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

The Corporation cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 '*Application of Australian Accounting Standards and Other Pronouncements*'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Corporation for the annual reporting period ended 30 June 2007. Consequently, the Corporation has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

- (1) AASB 7 '*Financial Instruments: Disclosures*' (including consequential amendments in AASB 2005-10 '*Amendments to Australian Accounting Standards*' [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]). This Standard requires new disclosures in relation to financial instruments. The standard is considered to result in increased disclosures, both quantitative and qualitative of the Corporation's exposure to risks, enhanced disclosure regarding components of the Corporation's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Corporation does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
- (2) AASB 2005-10 '*Amendments to Australian Accounting Standards*' (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, & AASB 1038). The amendments are as a result of the issue of AASB 7 '*Financial Instruments: Disclosures*', which amends the financial instrument disclosure requirements in these standards. The Corporation does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods on or after 1 January 2007.
- (3) AASB 101 '*Presentation of Financial Statements*'. This standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 '*Presentation of Financial Statements*' (as issued by the IASB). The Corporation does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
- (4) AASB 2007-4 '*Amendments to Australian Accounting Standards*' arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038). This Standard introduces policy options and modifies disclosures. These amendments arise as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRS and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. The Department of Treasury and Finance has indicated that it will mandate to remove the policy options added by this amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

- (5) AASB 123 (revised) '*Borrowing Costs*', AASB 2007-4 '*Amendments to Australian Accounting Standards*', AASB 2007-6 '*Amendments to Australian Accounting Standards*', AASB 2007-7 '*Amendments to Australian Accounting Standards*' and Interpretation 14 IAS 19 '*The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*'. The potential effect of these Standards and the Interpretation on the Corporation's financial report has not yet been determined.
- (6) AASB 8 '*Operating Segments*' replaces the presentation requirements of segment reporting in AASB 114 '*Segment Reporting*'. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the Corporation and the Group as the standard is only concerned with disclosures.
- (7) AASB 2007-3 '*Amendments to Australian Accounting Standards*' arising from AASB 8 makes amendments to AASB 5 '*Non-current Assets Held for Sale and Discontinued Operations*', AASB 6 '*Exploration for and Evaluation of Mineral Resources*', AASB 102 '*Inventories*', AASB 107 '*Cash Flow Statements*', AASB 119 '*Employee Benefits*', AASB 127 '*Consolidated and Separate Financial Statements*', AASB 134 '*Interim Financial Reporting*', AASB 136 '*Impairment Assets*', AASB 1023 '*General Insurance Contracts*' and AASB 1038 '*Life Insurance Contracts*'. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 '*Operating Segments*'. This standard is only expected to impact disclosures contained within the financial report.

The following Australian Accounting Standards and Interpretations are not applicable to the Corporation as they will have no impact.

AASB Standards and
Interpretations

1049	' <i>Financial Reporting of General Government Sectors by Governments</i> '
2007-1	' <i>Amendments to Australian Accounting Standards arising from AASB Interpretation 1 [AASB 2]</i> '
2007-2	' <i>Amendments to Australian Accounting Standards</i> ' arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139] - paragraph 1-8
2007-5	' <i>Amendment to Australian Accounting Standard</i> ' - Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)
Interpretation 4	' <i>Determining whether an Arrangement Contains a Lease [revised]</i> '
Interpretation 10	' <i>Financial Reporting and Impairment</i> '
Interpretation 11	AASB 2 ' <i>Group and Treasury Share Transactions</i> '
Interpretation 12	' <i>Service Concession Arrangements</i> '
Interpretation 129	' <i>Service Concession Arrangements: Disclosures [revised]</i> '

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

The financial report is prepared on the accrual basis of accounting using the historical cost convention except for precious metal inventories, derivative financial instruments and land and buildings, which are stated at fair value. The financial report is presented in Australian dollars, which is the Group's functional and presentation currency, rounded to the nearest thousand dollars in accordance with Treasurer's Instruction 948.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect of the amount recognised in the financial statements are described in the following notes:

- Valuation of financial instruments

(c) Basis of consolidation

(i) Subsidiaries

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. A controlled entity is any entity controlled by Gold Corporation. Control exists where Gold Corporation has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with the Corporation to achieve its objectives.

Where controlled entities enter or leave the Group during the year, their operating results are included from the date control was obtained or until the date control ceased.

Investments in subsidiaries are brought to account at cost in Gold Corporation.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

(ii) Associates and Joint Ventures

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures, including partnerships, are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interests in an equity accounted investee, the carrying amount of that interest (including long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation to make or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised as the contributed assets are consumed or sold by the associate or jointly controlled entities or, if not consumed or sold by the associate or jointly controlled entity, when the Group's interest in such entities is disposed of.

(d) Foreign currency transaction

Transactions 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 balance 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 income statement. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning 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.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Derivative Financial Instruments

(i) Derivative financial instruments

The Group uses 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 Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

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

Cash flow hedges

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 income statement.

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 income statement in the same period that the hedged item affects the income statement.

(ii) 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 income statement, 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 Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group 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 Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

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

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see Note 1i).

(g) Inventories

Precious metal inventories are valued at fair value, being market prices ruling at balance 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.

(h) Property, plant and equipment

(i) Capitalisation/expensing of assets

Items of property, plant & 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 & equipment costing less than \$2,000 are expensed direct to the income statement (other than where they form part of a Group of similar items which are significant in total).

(ii) Initial recognition and measurement

All items of property, plant & equipment are initially recognised at cost.

(iii) Subsequent measurement

After recognition as an asset, the Corporation uses the revaluation model for the measurement of land and buildings and the cost model for all other property, plant & equipment. Land and building are carried at fair value less accumulated depreciation on buildings and accumulated impairment losses. All other items of property, plant & equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment (continued)

Where market-based evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the written-down current replacement cost. Where the fair value of buildings is dependent on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately. Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market value type assets and existing use assets.

(iv) Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	40 years
Plant & equipment	3-8 years
Office Equipment	5 years
Software	3 years
Motor Vehicles	6 years

Where parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items of property, plant & equipment.

(i) Impairment

(i) Financial assets

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 of 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.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

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

All impairment losses are recognised in the income statement.

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 income statement.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Group that generates cash flows that largely are independent from other assets and Groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Group of units) on a pro rata basis.

The recoverable amount of an asset of a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Intangible Assets

(i) Capitalisation / expensing assets

Acquisitions of intangible assets costing \$2,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred of less than \$2,000 are immediately expensed directly to the income statement.

All computer software which is not integral to the operation of computer hardware is classified as an intangible asset with a finite useful life, and is stated at cost less accumulated amortisation and impairment losses. For assets acquired at no cost or for nominal cost, cost is the fair value at the date of acquisition. Software that is an integral part of the related hardware is treated as property, plant & equipment.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the intangible asset. Intangible assets are amortised from the date they are available for use. The estimated useful lives in the current and comparative periods are:

Computer software 3 - 5 years

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(k) Employee benefits

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

(i) Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Corporation does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Precious metal borrowings

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

(m) 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 income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement 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 balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying 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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group has formed a tax consolidated group with effect from 1 July 2002, and 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.

(n) 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 income statement 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.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue

(i) Sales revenue

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

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the purchaser, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Interest revenue

Interest revenue is recognised as it accrues. The effective interest method, 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, is used where applicable.

(iii) 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.

(iv) Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(p) Funds received from Government

Government grants are recognised in the balance sheet initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant.

A grant that compensates the Group for expenses incurred is recognised in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the group for the cost of an asset are recognised in the income statement on a systematic basis over the useful life of an asset.

(q) Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Trade and other payables are stated at their amortised cost. The amounts are non-interest bearing and are usually paid within 30 days of recognition.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Finance costs

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

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

(s) Interest-bearing borrowings

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 income statement over the period of the borrowings on an effective interest basis.

(t) Goods and services tax

Revenue, expenditure and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as an expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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

(u) Segment reporting

A segment is a distinguishable component of the consolidated entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Group		Gold Corporation	
		2007	2006	2007	2006
2 TRADING PROFIT		\$000	\$000	\$000	\$000
Sales	32	840,991	932,607	762,835	870,889
Cost of sales					
Opening trading inventories		6,723	5,153	(270)	(186)
Purchases		810,225	907,435	761,940	869,677
		816,948	912,588	761,670	869,491
Less closing trading inventories		8,207	6,723	549	(270)
Cost of sales		808,741	905,865	761,121	869,761
Trading Profit		32,250	26,742	1,714	1,128

3 DIVIDENDS

(a) DIVIDEND TO WA GOVERNMENT

In accordance with section 21 (4) of the Gold Corporation Act, the Board recommended to the Treasurer that an amount of \$4,233,000 (2006: \$2,904,000) be payable as dividend for the financial year ended 30 June 2007. The dividend was declared and approved after the end of the financial year and therefore has not been provided for in the financial statements.

(b) DIVIDENDS FROM SUBSIDIARIES

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

	2007	2006
	\$000	\$000
GoldCorp Australia	8,000	6,500
	8,000	6,500

4 EMPLOYEE BENEFITS EXPENSE

	Note	Group		Gold Corporation	
		2007	2006	2007	2006
		\$000	\$000	\$000	\$000
Wages and salaries (a)		10,381	8,965	2,616	2,149
Superannuation		1,450	1,308	464	495
Annual Leave		118	95	134	107
Long service leave		99	99	128	90
Other related expenses		580	512	580	512
		12,628	10,979	3,922	3,353

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

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Group		Gold Corporation	
		2007	2006	2007	2006
5 INCOME TAX		\$000	\$000	\$000	\$000
(a) Income Tax Expense					
Current tax expense					
Current year		3,209	2,457	3,209	2,457
Current year - overseas tax of associate	10b	-	120	-	-
Over / Underprovision of tax in prior year		(252)	207	(252)	207
Deferred tax expense					
Origination and reversal of temporary differences		401	287	401	287
Recognised in asset revaluation reserve (in equity in subsidiaries)		(583)	(638)	(583)	(638)
Total income tax expense in income statement		<u>2,775</u>	<u>2,433</u>	<u>2,775</u>	<u>2,313</u>
(b) Numerical reconciliation between tax expense and pre-tax net profit					
Profit before income tax		<u>9,830</u>	<u>7,273</u>	<u>8,432</u>	<u>5,844</u>
Prima facie income tax on pre-tax accounting profit calculated at 30% (2006: 30%)		2,949	2,182	2,530	1,753
Increase in income tax expense due to:					
Non-deductible depreciation on buildings		12	11	-	-
Difference in accounting profit and taxable income of partnerships		-	53	-	-
Other non-deductible items		66	145	-	74
Decrease in income tax expense due to:					
Non-assessable income		-	(4)	-	-
Dividends from subsidiaries/ Paid		-	-	(2,400)	(1,950)
		<u>3,027</u>	<u>2,387</u>	<u>130</u>	<u>(123)</u>
Over / Under-provision of income tax in prior year		(252)	207	(252)	207
Under-provision of deferred tax asset in prior year		-	(161)	-	(161)
Income tax expense/(benefit) on pre-tax profit		<u>2,775</u>	<u>2,433</u>	<u>(122)</u>	<u>(77)</u>
Obligations of Gold Corporation for income tax on behalf of subsidiaries (i)					
		-	-	2,897	2,390
		<u>2,775</u>	<u>2,433</u>	<u>2,775</u>	<u>2,313</u>

Note (i)

Gold Corporation's income tax expense of \$2,775,000 (2006: \$2,313,000) includes the obligation in relation to the income of its subsidiaries, Western Australian Mint and GoldCorp Australia, in accordance with its legislation.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Group		Gold Corporation	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
5 INCOME TAX (Continued)				
(c) Deferred tax assets and liabilities				
Deferred tax assets				
Doubtful debts	6	6	6	6
Write-down of inventories	586	546	586	546
Plant and equipment	21	103	21	103
Other payables	372	262	372	262
Employee benefits	757	503	757	503
Deferred revenue	7	10	7	10
	<u>1,749</u>	<u>1,430</u>	<u>1,749</u>	<u>1,430</u>
Deferred tax liabilities				
Interest revenue	(29)	(18)	(29)	(18)
Property, plant and equipment	(1,747)	(1,039)	(1,747)	(1,039)
Deferred tax assets/(liabilities) after set-off	<u>(27)</u>	<u>373</u>	<u>(27)</u>	<u>373</u>
(d) Movement in deferred tax assets/(liabilities)				
Opening balance	373	660	373	660
Employee benefits	253	58	253	58
Deferred revenue	(3)	(4)	(3)	(4)
Write-down of inventories	39	342	39	342
Property, plant and equipment	(789)	(927)	(789)	(927)
Other payables	111	262	111	262
Interest revenue	(11)	(18)	(11)	(18)
Closing balance	<u>(27)</u>	<u>373</u>	<u>(27)</u>	<u>373</u>
(e) Movement in the current tax liability:				
Opening balance	1,939	71	1,939	71
Provision for current year	3,209	2,457	3,209	2,457
Over / under-provision for prior year	(252)	207	(252)	207
Amount paid during the year	(2,903)	(796)	(2,903)	(796)
Closing balance	<u>1,993</u>	<u>1,939</u>	<u>1,993</u>	<u>1,939</u>

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Group		Gold Corporation	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
6 CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	25,705	23,109	24,571	22,030

Reconciliation of Cash

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

Cash at bank and on hand	1,331	1,406	212	327
Call deposits	11,571	15,787	11,552	15,787
Commercial bills	12,803	5,916	12,807	5,916
	<u>25,705</u>	<u>23,109</u>	<u>24,571</u>	<u>22,030</u>

7 RECEIVABLES

Current

Trade receivables		1,828	2,951	-	-
Other receivables		1,490	1,685	1,490	1,649
Provision for doubtful debts		(19)	(19)	-	-
Loans to subsidiaries	(i)	-	-	8,000	6,500
		<u>3,299</u>	<u>4,617</u>	<u>9,490</u>	<u>8,149</u>
Non Current					
Loans to subsidiaries	(i)	-	-	41,411	64,208

(i) Loans to subsidiaries are interest free and have no fixed terms of repayment.

8a PRECIOUS METAL LEASES

Current

Precious metal leases - related entity	(i)	<u>715,705</u>	<u>590,140</u>	<u>715,705</u>	<u>590,140</u>
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(i) Precious metal leases - related entity

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

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Group		Gold Corporation	
	2007	2006	2007	2006
8b INVENTORIES	\$000	\$000	\$000	\$000
Current				
Precious metals	381,115	507,122	379,573	474,990
Inventories				
Finished goods	6,269	5,617	-	-
Work in progress	479	555	-	-
Consumables	849	700	-	-
	<u>388,712</u>	<u>513,994</u>	<u>379,573</u>	<u>474,990</u>

In 2007 financial year, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to \$808,741,000 (2006: \$905,865,000). In 2007 the net write-down of inventories to net realisable value amounted to \$131,000 (2006: \$533,000).

9 INVESTMENTS IN ASSOCIATED ENTITIES

Entity	Principal Activities	Group Ownership Interest		Group Carrying amount of Investment	
		2007	2006	2007	2006
		%	%	\$000	\$000
Associated Companies					
AGR Management Services Pty Ltd	Management services	40.0	40.0	-	-
Poongsan Perth Mint Sales Pty Ltd	Marketing	100.0	100.0	-	-
Partnerships					
AGR Matthey	Metal refining and precious metal products business	40.0	40.0	16,503	14,819
AGR Joint Venture	Metal refining and precious metal products business	50.0	50.0	-	-
Group's Share in Partnership's Direct Interest in Associates					
Metals Refining Operations Pty Ltd	Metal refining	18.0	18.0	-	-
Alloy and Gold Supply (NSW) Pty Ltd	Precious metals	20.0	20.0	-	-
Analytical Platinum Supplies Pty Ltd	Platinum lab ware	-	20.0	-	-
AGR Matthey (NZ) Limited	Sales precious metal products	40.0	40.0	-	-
AGR Hong Kong Limited	Wholesaling metals	40.0	-	-	-

All the above investments are held by Western Australian Mint.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

9 INVESTMENTS IN ASSOCIATED ENTITIES (continued)

The Group's interests in the above investments, except for AGR Matthey (NZ) Limited, Poongsan Perth Mint Sales Pty Ltd, Poongsan Perth Mint JV and AGR Hong Kong Ltd took effect from 1 December 1998 with the commencement of the AGR Joint Venture, and were subsequently transferred into the AGR Matthey partnership on 3 October 2002 (Note 9).

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

The investment in AGR Matthey (NZ) Limited commenced upon its incorporation in New Zealand on 29 August 2003. The investment comprises a 40% interest in the ordinary share capital of the associate and is held via the group's interest in AGR Matthey.

The investment in Poongsan Perth Mint Sales Pty Ltd comprises a 100% interest in the ordinary share capital of the associate and is held by Western Australian Mint.

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

The investment in Alloy and Gold Supply (NSW) Pty Limited comprises a 20% interest in trust capital in the PBM Unit Trust and is held via the Group's interest in AGR Matthey. The investment in Analytical Platinum Supplies Pty Ltd comprises a 20% interest in the ordinary share capital of the associate and is held via the Group's interest in AGR Matthey. During the year AGR Matthey sold its investment in and its share of the assets of Analytical Platinum Supplies Pty Ltd (APS). The sale occurred on 6 June 2007 and the proceeds of the sale were \$800,000 paid in the form of 800,000 unlisted convertible notes with a face value of \$1 in XRF Scientific Limited (XFRS).

AGR Hong Kong Limited was incorporated on 20 July 2006 and commenced operations on 1 October 2006. The investment comprises a 40% interest in the ordinary share capital of the associate and is held via the Group's interest in AGR Matthey.

The balance date of the associated entities is 30 June. Their country of incorporation/residence is Australia, except for Metals Refining Operations Pty Ltd, AGR Matthey (NZ) Limited and AGR Hong Kong Ltd which are in Papua New Guinea, New Zealand and Hong Kong respectively.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

10 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

		Group	
		2007	2006
		\$000	\$000
Share of profit/(loss) from AGR Matthey	10b	3,868	2,775
Share of profit/(loss) from Poongsan Perth Mint JV	10c	-	(302)
		<u>3,868</u>	<u>2,473</u>
Non-current Investments			
Investment in AGR Matthey	10b	<u>16,504</u>	<u>14,819</u>

10a INVESTMENT IN AGR JOINT VENTURE

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

10b INVESTMENT IN AGR MATTHEY

Balance at 1 July		14,819	12,796
Plus: Share of partnership profit/(loss) before tax	(i)	3,868	2,775
Less: Profit distributions received		(2,800)	-
Add: Share of movement in hedge reserve		643	(632)
Less: Foreign Currency Translation Reserve		(26)	-
Less: Accrual for overseas tax		-	(120)
Balance at 30 June		<u>16,504</u>	<u>14,819</u>

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

The investment in AGR Matthey partnership comprises the fair value of the Group's contributed assets and post formation profits. The balance date of the partnership is 30 June. The Group equity accounts its interest in the AGR Matthey partnership. The Group's share of the assets and liabilities of the AGR Matthey partnership at 30 June 2007 comprised:

	Group		AGR Matthey 100%	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Total assets	388,431	437,873	971,078	1,094,683
Total liabilities	(372,000)	(422,691)	(929,999)	(1,056,728)
NET ASSETS	<u>16,431</u>	<u>15,182</u>	<u>41,079</u>	<u>37,955</u>

GOLD CORPORATION AND SUBSIDIARIES
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	Group		AGR Matthey 100%	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
10b INVESTMENT IN AGR MATTHEY (continued)				
(i) Results attributable to Partnership				
Revenue	4,528,503	2,690,396	11,321,257	6,725,989
Expenses	(4,524,635)	(2,687,621)	(11,311,588)	(6,719,052)
Operating profit before income tax	<u>3,868</u>	<u>2,775</u>	<u>9,669</u>	<u>6,937</u>
(ii) Capital Commitments				
The Group's share of Partnership's commitments to purchase plant and equipment at balance date was	<u>44</u>	<u>109</u>	<u>111</u>	<u>273</u>
(iii) Lease Commitments				
The Group's share of Partnership's aggregate operating lease expenditure contracted for at balance date, but not provided for, in the financial statements:				
Payable no later than one year	562	480	1,406	1,201
Payable later than one, but no later than five years	1,051	1,121	2,627	2,802
Payable later than five years	1,592	1,722	3,979	4,306
	<u>3,205</u>	<u>3,323</u>	<u>8,012</u>	<u>8,309</u>

10c INVESTMENT IN POONGSAN PERTH MINT JV

Balance at 1 July	-	1,524
Less: Share of partnership loss before tax (ii)	-	(302)
Distribution to joint venturers	-	(1,222)
Balance at 30 June	<u>-</u>	<u>-</u>

(i) The Poongsan Perth Mint JV ceased trading at 31 December 2005. Western Australian Mint purchased the 49.9% interest in the JV held by PMX Australia Pty Ltd as at that date.

The Group equity accounted its interest in the Poongsan Perth Mint JV up to 31 December 2005. The Group's share of the assets and liabilities of the Poongsan Perth Mint JV at 30 June 2007 was nil, and the Poongsan Perth Mint JV is being wound up.

	Group		PPM JV 100%	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
(ii) Results attributable to Partnership				
Revenue	-	1,248	-	2,491
Expenses	-	(1,550)	-	(3,181)
Operating loss before income tax	<u>-</u>	<u>(302)</u>	<u>-</u>	<u>(690)</u>

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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11 OTHER FINANCIAL ASSETS

Corporation	Place of Incorporation	Ownership Interest	Book value of investment		Contribution Group result	
			2007 \$000	2006 \$000	2007 \$000	2006 \$000
Parent entity:						
Gold Corporation	Western Australia	100%	-	-	638	(554)
Subsidiaries of Gold Corporation:						
GoldCorp Australia	Western Australia	100%	5,000	5,000	6,318	6,390
Western Australian Mint	Western Australia	100%	16,603	16,603	99	(996)
			<u>21,603</u>	<u>21,603</u>	<u>7,055</u>	<u>4,840</u>

All subsidiaries are wholly owned.

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

12 PROPERTY, PLANT AND EQUIPMENT

	Group		Gold Corporation	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Freehold land and buildings at fair value	<u>35,569</u>	<u>32,601</u>	<u>-</u>	<u>-</u>
Plant and equipment at cost	20,169	18,107	3,457	3,408
less : accumulated depreciation	(11,863)	(10,630)	(2,874)	(2,832)
	<u>8,306</u>	<u>7,477</u>	<u>583</u>	<u>576</u>
Total Property, Plant and Equipment	<u>43,875</u>	<u>40,078</u>	<u>583</u>	<u>576</u>

The Board resolved to adopt the Valuer General's valuation of the Western Australian Mint's property at 292,300 & 310 Hay Street, Perth. The land and buildings were revalued as at 30 June 2007 in accordance with the Valuer General's valuation as at that date. The fair value of all land and buildings was determined by reference to current use value for the land and depreciated replacement value for the buildings. The total revaluation increment was \$3,536,000 (land \$1,200,000 and buildings \$2,336,000). Revaluation increment in 2006 was \$2,624,000 (land \$900,000 and building \$1,724,000). Revaluation increment of \$393,000 (2006: \$498,000) was credited to the income statement as it offsets similar revaluation decrements charged to retained earnings in prior years. The remaining increment of \$1,942,000 (2006: \$2,126,000) was credited to the asset revaluation reserve less the deferred tax of \$583,000 (2006: \$638,000). Net transfer to revaluation reserve thus amounted to \$1,359,000 (2006: \$1,488,000).

For each revalued property, the carrying amount that would have been recognised had the assets been carried under the cost model, is impracticable to determine.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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12 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Freehold Land \$000	Freehold Buildings \$000	Plant & equipment \$000	Total \$000
Group - 2007				
Opening balance	9,900	22,701	7,477	40,078
Additions	-	-	2,410	2,410
Disposals	-	-	(251)	(251)
Revaluation	1,200	2,336	-	3,536
Depreciation	-	(568)	(1,330)	(1,898)
	<u>11,100</u>	<u>24,469</u>	<u>8,306</u>	<u>43,875</u>
Group - 2006				
Opening balance	9,900	20,596	3,569	34,065
Additions	-	-	4,971	4,971
Disposals	-	-	(104)	(104)
Revaluation	-	2,624	-	2,624
Depreciation	-	(519)	(959)	(1,478)
	<u>9,900</u>	<u>22,701</u>	<u>7,477</u>	<u>40,078</u>
Gold Corporation - 2007				
Opening balance	-	-	576	576
Additions	-	-	380	380
Disposals	-	-	(248)	(248)
Depreciation	-	-	(125)	(125)
	<u>-</u>	<u>-</u>	<u>583</u>	<u>583</u>
Gold Corporation - 2006				
Opening balance	-	-	628	628
Additions	-	-	183	183
Disposals	-	-	(93)	(93)
Depreciation	-	-	(142)	(142)
	<u>-</u>	<u>-</u>	<u>576</u>	<u>576</u>
		Group	Gold Corporation	
Net profit/(loss) on sale	2007	2006	2007	2006
of non-current assets	\$000	\$000	\$000	\$000
Plant and equipment				
Gross proceeds on sale/disposal of assets	220	117	219	93
Carrying value of assets sold/disposed	257	104	254	93
Net profit/(loss) on sale/disposal	<u>(37)</u>	<u>13</u>	<u>(35)</u>	<u>-</u>

GOLD CORPORATION AND SUBSIDIARIES
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	Group		Gold Corporation	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
13 INTANGIBLE ASSETS				
Computer software, at cost	3,163	2,652	3,163	2,652
Less: accumulated amortisation	(1,024)	(457)	(1,024)	(457)
	<u>2,139</u>	<u>2,195</u>	<u>2,139</u>	<u>2,195</u>
Movement in the carrying amount for computer software between the beginning and end of the financial year				
Opening balance	2,195	1,623	2,195	1,623
Additions	510	932	510	932
Amortisation expense	(566)	(360)	(566)	(360)
Closing balance	<u>2,139</u>	<u>2,195</u>	<u>2,139</u>	<u>2,195</u>

There were no indications of impairment to property, plant and equipment, and intangible assets at 30 June 2007. The Corporation held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

14 PAYABLES

Current - unsecured

Trade creditors	504	1,394	64	204
Other payables and accrued expenses	23,388	23,000	18,083	17,207
Loans to subsidiaries	-	-	-	-
Funds received from Government	38	33	-	-
	<u>23,930</u>	<u>24,427</u>	<u>18,147</u>	<u>17,411</u>

Non Current - unsecured

Loans from subsidiaries	-	-	37,534	60,370
	<u>-</u>	<u>-</u>	<u>37,534</u>	<u>60,370</u>

15 INTEREST-BEARING BORROWINGS

Current - secured

Borrowings	(a)	3,500	3,500	-	-
Precious metal borrowings	(b)	<u>216,227</u>	<u>210,266</u>	<u>216,227</u>	<u>210,266</u>
		<u>219,727</u>	<u>213,766</u>	<u>216,227</u>	<u>210,266</u>

Security for Borrowings

(a) Borrowings from Western Australian Treasury Corporation at commercial rates, repayable on 21 December 2007

Finance facility - utilised at reporting date	3,500	3,500	-	-
Finance facility - not utilised at reporting date	5,000	5,000	-	-
Total finance facility available	<u>8,500</u>	<u>8,500</u>	<u>-</u>	<u>-</u>

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

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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	Group		Gold Corporation	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
16 EMPLOYEE BENEFITS				
Current				
Employee benefits - annual leave	812	694	613	479
Employee benefits - long service leave	795	625	518	363
	<u>1,607</u>	<u>1,319</u>	<u>1,131</u>	<u>842</u>
Non-current				
Employee benefits - long service leave	95	186	61	108
Employee superannuation benefits	57	57	-	-
	<u>152</u>	<u>243</u>	<u>61</u>	<u>108</u>
Other Provisions				
Current				
Employment on-costs	128	101	90	66
	<u>128</u>	<u>101</u>	<u>90</u>	<u>66</u>
Non-current				
Employment on-costs	8	15	5	9
	<u>8</u>	<u>15</u>	<u>5</u>	<u>9</u>
Employment on-cost provision				
Carrying amount at start of year	116	94	75	54
Additional provisions recognised	92	79	69	55
Payments/other sacrifices of economic benefits	(72)	(57)	(49)	(34)
Carrying amount at end of year	<u>136</u>	<u>116</u>	<u>95</u>	<u>75</u>

17 OTHER LIABILITIES

Current - secured

Precious metal borrowings	<u>879,602</u>	<u>886,095</u>	<u>879,602</u>	<u>855,667</u>
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Security for Borrowings

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

18 CAPITAL AND RESERVES

Contributed Equity

Issued and fully paid : 31,602,852 shares	<u>31,603</u>	<u>31,603</u>	<u>31,603</u>	<u>31,603</u>
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Asset Revaluation Reserve

The revaluation reserve relates to property measured at fair value in accordance with applicable Australian Accounting Standards.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

18 CAPITAL AND RESERVES (continued)

Hedge Reserve

The hedge reserve, being the Group's share of AGR Matthey's hedge reserve, comprises the effective portion in the cumulative net change in the fair value of hedging instruments related to hedged transactions that have not yet occurred.

AGR Matthey, in order to protect against adverse gold price movements on the recoupment of funds from precious metal retentions, entered into spot deferred sale contracts and put/call options to sell future gold retentions during the period.

AGR Matthey, in order to protect against adverse exchange rate movements on the recoupment of funds from the foreign related entities to the partnership and on foreign accounts payables and receivables, have entered into foreign exchange contracts to sell currencies.

	Group		Gold Corporation	
19 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Profit for the period	7,055	4,840	5,657	3,531
Non-cash items:				
Depreciation and amortisation	2,464	1,838	691	502
Share of loss/(profit) of joint venture partnerships	(1,684)	(2,473)	-	-
Accrual for overseas tax	-	120	-	-
Revaluation of buildings	(393)	(498)	-	-
Amounts credited to:				
employee benefits	217	194	262	197
income tax	3,358	2,274	3,358	2,274
Amounts written back /paid from:				
doubtful debts	-	(1)	-	-
(Profit)/loss on sales of plant and equipment	37	(13)	36	-
Dividend Paid	-	-	-	-
Changes in assets and liabilities				
Decrease/(Increase) in receivables	1,319	94	21,456	(8,168)
Decrease/(Increase) in precious metal leases	(125,565)	(132,603)	(125,565)	(132,603)
Decrease/(Increase) in inventories	125,281	(345,524)	95,417	(332,131)
Decrease/(Increase) in prepayments	20	(109)	(80)	(17)
Increase/(Decrease) in payables	(6,959)	5,970	24,671	7,583
Increase/(Decrease) in borrowings	5,961	475,980	(16,875)	465,211
Cash flows from operations	<u>11,111</u>	<u>10,089</u>	<u>9,028</u>	<u>6,379</u>

20 SUBSEQUENT EVENTS

There were no events subsequent to the reporting date.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

	Product Sales	Refining	Coin Blanks	Total
	\$000	\$000	\$000	\$000
21 SEGMENT REPORTING				
GROUP - 2007				
Income				
External sales and other income	848,359	-	-	848,359
Revaluation of buildings	-	-	-	393
Share of net profit of investments accounted for using the equity method	-	3,868	-	3,868
Total income	848,359	3,868	-	852,620
Profit/(loss) before income tax expense	5,962	3,868	-	9,830
Income tax (expense)/benefit	-	-	-	(2,775)
Net Profit	5,962	3,868	-	7,055
Segment assets	1,180,001	16,504	-	1,196,505
Unallocated assets	-	-	-	-
Total assets	-	-	-	1,196,505
Segment liabilities	1,127,174	-	-	1,127,174
Other				
Investments accounted for using the equity method	-	16,504	-	16,504
Acquisition of non-current segment assets	2,928	-	-	2,928
Depreciation and amortisation of segment assets	(2,464)	-	-	(2,464)
GROUP - 2006				
Income				
External sales and other income	940,165	-	-	940,165
Revaluation of buildings	-	-	-	498
Share of net profit of investments accounted for using the equity method	-	2,775	-	2,775
Total income	940,165	2,775	-	943,438
Profit/(loss) before income tax expense	4,800	2,775	(302)	7,273
Income tax (expense)/benefit	-	-	-	(2,433)
Net Profit	-	-	-	4,840
Segment assets	1,174,745	14,819	-	1,189,564
Unallocated assets	-	-	-	373
Total assets	-	-	-	1,189,937
Segment liabilities	1,127,905	-	-	1,127,905
Other				
Investments accounted for using the equity method	-	14,819	-	14,819
Acquisition of non-current segment assets	4,878	-	-	4,878
Share of net loss of investments accounted for using the equity method	-	-	302	302
Depreciation and amortisation of segment assets	(1,838)	-	-	(1,838)
Other non-cash segment expenses	842	-	-	842

**GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

21 SEGMENT REPORTING (Continued)

Business Segments

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Gold Corporation operates predominantly in the precious metal industry. Its revenue is derived from manufacture and marketing of precious metals and precious metal value added products, the provision of services related to precious metals, such as trading, metal leasing and consultancy, and from the refining of gold and silver (through its investment in AGR Matthey).

The group has three business segments as follows:

- Minting and Retailing - Product Sales

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

- Refining

This segment comprises the investment in the AGR Matthey partnership which is engaged in refining of precious metals and manufacture of industrial products.

- Coin Blanks

This segment comprises the investment in the Poongsan Perth Mint JV, which was engaged in the manufacturing and marketing of precious metal coin blanks. Poongsan Perth Mint JV ceased trading on 31 December 2005.

Accounting Policies

Segment information is presented in respect of the Group's business and geographical segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items consist of revaluations, income tax expense and assets.

Intersegment Transfers

Segment revenue, expenses and results include transfers between segments. Inter-segment pricing is determined on an arm's length basis. The transfer prices are eliminated on consolidation.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

21 SEGMENT REPORTING (Continued)

(b) Secondary reporting - Geographical segments

	Segment Revenues from External customers		Carrying Amount of Segment Assets		Acquisitions of Non-current Segment Assets	
	2007	2006	2007	2006	2007	2006
Geographical location:	\$000	\$000	\$000	\$000	\$000	\$000
Europe	282,164	165,474	-	-	-	-
Asia	128,205	344,423	-	-	-	-
U S A	193,842	185,142	-	-	-	-
Other countries	26,786	24,839	-	-	-	-
Australia	221,230	223,062	1,196,532	1,189,937	2,928	4,878
	<u>852,227</u>	<u>942,940</u>	<u>1,196,532</u>	<u>1,189,937</u>	<u>2,928</u>	<u>4,878</u>

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

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Group		Gold Corporation	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000

22 LEASE COMMITMENTS

Aggregate non-cancellable operating lease expenditure contracted for at balance date but not provided for in the accounts :

Payable no later than one year	241	288	241	288
Payable later than one, but no later than five years	229	407	229	407
	<u>470</u>	<u>695</u>	<u>470</u>	<u>695</u>

The operating lease commitments are for leases of computer equipment.

The terms of these are various, with the maximum term being until December 2010.

During the year ended 30 June 2007, \$289,000 was recognised as an expense in the income statement in respect of operating leases (2006: \$270,000)

23 CAPITAL COMMITMENTS

Aggregate capital expenditure contracted for, but not provided for in the financial statements :

Payable no later than one year	<u>449</u>	<u>1,136</u>	<u>103</u>	<u>397</u>
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GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

24 REMUNERATION OF AUDITORS

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

Fees for external audit of financial statements and performance indicators

157	140	157	140
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25 FINANCIAL INSTRUMENTS

(a) Foreign currency risk

The Group 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 and Euros. Foreign currency risk on sales and purchases are generally not hedged, except for purchases of certain capital items. The Group uses forward exchange contracts to hedge such purchases, and contracts have maturity of less than one year after reporting date.

The net fair value of forward exchange contracts used as hedges of forecasted transactions at 30 June 2007 was a liability of \$1,200 (2006: a liability of \$33,300).

(b) Credit risk exposure

The Corporation trades only with recognised, creditworthy third parties. The Corporation has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Corporation's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

The Group does not have any significant exposure to any individual customer or counterparty, with the exception of precious metal leases to a related entity, AGR Matthey, under the terms of the Metal Facility Agreement, (Note 8a).

(c) Interest rate risk exposure

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out on the following pages. No interest rate hedging has been entered into during the period.

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

25 FINANCIAL INSTRUMENTS (continued)

	Notes	Floating interest rate	Fixed interest maturing in 1 year or less	Non-interest bearing	Total
		\$000	\$000	\$000	\$000
2007					
Financial and Precious Metal Assets					
Cash and cash equivalents	6	12,298	13,407	-	25,705
Receivables	7	-	-	3,299	3,299
Precious metal leases	8a	-	715,705	-	715,705
Precious metal inventories	8b	-	-	381,115	381,115
		12,298	729,112	384,414	1,125,824
<i>Weighted average interest rate</i>					
- cash		4.93%	6.38%		
- precious metal leases			0.43%		
Financial and Precious Metal Liabilities					
Payables	14	-	-	(23,930)	(23,930)
Borrowings	15	-	(3,500)	-	(3,500)
Precious metal borrowings	15,17	-	(216,227)	(879,602)	(1,095,829)
		-	(219,727)	(903,532)	(1,123,259)
<i>Weighted average interest rate</i>					
- borrowings			6.31%		
- precious metal borrowings			0.34%		
Net financial and precious metal assets/(liabilities)		12,298	509,385	(519,118)	2,565

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

25 FINANCIAL INSTRUMENTS (continued)

	Notes	Floating interest rate	Fixed interest maturing in 1 year or less	Non-interest bearing	Total
		\$000	\$000	\$000	\$000
2006					
Financial and Precious Metal Assets					
Cash and cash equivalents	6	11,669	11,416	24	23,109
Receivables	7	-	-	4,617	4,617
Precious metal leases	8a	-	590,140	-	590,140
Precious metal inventories	8b	-	-	507,122	507,122
		<u>11,669</u>	<u>601,556</u>	<u>511,763</u>	<u>1,124,988</u>
<i>Weighted average interest rate</i>					
- cash		4.85%	5.66%		
- precious metal leases			0.86%		
Financial and Precious Metal Liabilities					
Payables	14	-	-	(24,427)	(24,427)
Borrowings	15	-	(3,500)	-	(3,500)
Precious metal borrowings	15,17	-	(210,266)	(886,095)	(1,096,361)
		-	<u>(213,766)</u>	<u>(910,522)</u>	<u>(1,124,288)</u>
<i>Weighted average interest rate</i>					
- borrowings			6.31%		
- precious metal borrowings			0.34%		
Net financial and precious metal assets/(liabilities)		11,669	387,790	(398,759)	700

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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25 FINANCIAL INSTRUMENTS (continued)

**Reconciliation of Net Financial and Precious Metal Assets to
Net Assets as disclosed in the Balance Sheet**

	Notes	Group	
		2007	2006
		\$000	\$000
Net financial and precious metal assets as above		2,565	700
Non-financial assets and liabilities:			
Inventories	8b	7,597	6,872
Prepayments		593	612
Investments accounted for using the equity method	10	16,504	14,819
Deferred tax assets/(liability)	5c	(27)	373
Property, plant & equipment	12	43,875	40,078
Intangible assets - computer software	13	2,139	2,195
Current tax liabilities	5e	(1,993)	(1,939)
Employee benefits	16	(1,895)	(1,678)
Net assets per Balance Sheet		<u>69,358</u>	<u>62,032</u>

(d) Net Fair Value of Financial Assets and Liabilities

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

	Notes	Group		Gold Corporation	
		2007	2006	2007	2006
		\$000	\$000	\$000	\$000
(e) Precious Metal Assets and Liabilities					
Assets					
Precious metal leases	8a	715,705	590,140	715,705	590,140
Inventories	8b	381,115	507,122	379,573	474,990
Total precious metal assets		<u>1,096,820</u>	<u>1,097,262</u>	<u>1,095,278</u>	<u>1,065,130</u>
Liabilities					
Precious metal borrowings (secured, interest bearing)	15b	216,227	210,266	216,227	210,266
Precious metal borrowings (secured)	17	879,602	886,095	879,602	855,667
Total precious metal liabilities		<u>1,095,829</u>	<u>1,096,361</u>	<u>1,095,829</u>	<u>1,065,933</u>
Net Precious Metal Position		<u>991</u>	<u>901</u>	<u>(551)</u>	<u>(803)</u>

The \$880 million of precious metals deposited by Perth Mint Depository clients (note 17) was used in operations by Gold Corporation as inventory (\$381 million - Note 8b) with the balance in the refining operations of AGR Matthey (Note 8a).

GOLD CORPORATION AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

26 REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Key management personnel

In addition to their salaries, the Group provides non-cash benefits to key management personnel and contributes to superannuation funds on their behalf.

	Group		Gold Corporation	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Salaries, fees and non-cash benefits	1,563	1,497	1,288	1,166
Superannuation	406	421	342	351
	<u>1,969</u>	<u>1,918</u>	<u>1,630</u>	<u>1,517</u>

Total fees received by non-executive directors was \$372,000 (2006: \$366,000), of which \$75,000 was received by two directors for services on AGR Matthey Board. (2006: \$75,000 was received by two directors for services on AGR Matthey Board).

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

	Group		Gold Corporation	
	2007	2006	2007	2006
\$0 - \$10,000	1	1	1	1
\$30,001 - \$40,000	5	5	5	5
\$40,001 - \$50,000	-	-	-	-
\$80,001 - \$90,000	2	2	2	2
\$230,001 - \$240,000	-	-	-	-
\$240,001 - \$250,000	-	1	-	1
\$290,001 - \$300,000	1	-	1	-
\$320,001 - \$330,000	-	1	-	1
\$370,001 - \$380,000	1	-	1	-

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

\$50,001 - \$60,000	-	1	-	1
\$90,001 - \$100,000	-	2	-	1
\$100,001 - \$110,000	1	2	1	2
\$110,001 - \$120,000	1	2	1	2
\$120,001 - \$130,000	3	-	3	-
\$140,001 - \$150,000	-	1	-	-
\$150,001 - \$160,000	-	1	-	-
\$160,001 - \$170,000	1	-	-	-
\$170,001 - \$180,000	1	-	-	-

The superannuation included here represents the superannuation expense incurred by the Authority in respect of senior officers other than senior officers reported as members of the accountable authority.

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27 SUPERANNUATION COMMITMENTS

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

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

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

All Gold Corporation employees can request that contributions be made to a fund of their own choice, rather than the GC-AGR Superannuation Fund or the ING Master Fund, in accordance with legislation.

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

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

28 INCENTIVE PLAN

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

There are upper limits on payments to employees and an upper limit to the total amount which can be paid out. The total amount to be paid out in any year 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 2006/07 financial year Gold Corporation's own operations (excluding AGR Matthey) exceeded their profit target, so employees will be eligible for payments. An amount of \$580,000 (2006: \$512,000) has been accrued in the financial statements for the year ended 30 June 2007.

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29 CONTINGENT LIABILITIES

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

- (a) Gold Corporation's Westmill division holds a 10% interest in the Kaltails Joint Venture, which was engaged in gold tailings treatment. The operations ceased during the year ended 30 June 2000. There is a closure plan for the operation which would require capping of the storage facility within the next ten years, and this could result in considerable expense for the joint venture. Another option, not requiring the expensive capping, is being explored.
- (b) In prior years, ground water contamination occurred at the Newburn site of the AGR Matthey refinery. The AGR Joint Venture partners (Western Australian Mint and Australian Gold Alliance Pty Ltd) are responsible for any remediation and restoration of the site. Expenses incurred to date and expected to be incurred in the near future have been accrued for in the financial statements. It is difficult to estimate the future long-term costs, if any, of remediation. Hence it is not possible to quantify these as at 30 June 2007.

30 RELATED PARTIES

During the course of its business, the Group conducts transactions with related parties. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Aggregate amounts included in the determination of profit before income tax that resulted from transactions with each class of other related parties were as follows:

	2007		2006	
	Supply of goods and services \$000	Precious metal lease fees \$000	Supply of goods and services \$000	Precious metal lease fees \$000
Amounts charged to related parties arising from normal trading activities				
AGR Matthey	127	2,400	127	2,400
Poongsan Perth Mint JV	-	-	2,751	-
Amounts charged by related parties arising from normal trading activities				
AGR Matthey	2,109	-	2,109	-
Poongsan Perth Mint JV	-	-	2,489	-
Amounts receivable from or (payable) to related parties				
AGR Matthey	91	-	313	-

GOLD CORPORATION AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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31 EXPLANATORY STATEMENT

Section 1101 of the Financial Management Act requires statutory authorities to prepare annual budget estimates. Treasurers Instruction 945 requires an explanation of significant variations between these estimates and actual results.

The Group's business plans for 2006/07 projected an operating result before income tax of \$6,003,000, compared to the actual profit of \$9,830,000 before tax. The most significant variations were:

- Higher than expected levels of transactions in Perth Mint Depository resulting in margins and fees being favourable by over \$2.3 million.
- Sales of both investment and numismatic coins were greater than planned, and
- Greater levels of trading and other activities than anticipated in Treasury.

32 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:

Sales Revenue and Trading Profit

Sales revenue of \$841 million in 2007 was 10% less than the \$933 million in 2006, due to lower metal prices and reduced investor activity in precious metals. Cost of Sales, comprising mostly precious metals, was \$97 million or 11% lower than in 2006, reflecting the lower sales revenue and product mix.

Trading profit was, however, \$5 million or 18% higher than in 2006 due to greater sales of higher margin products.

Materials and Services Expenditure

Materials and Services costs were \$2m or 14% higher than in the preceding year due to the changed operational structure part way through 2006 for the production of coin blanks, following the termination of Poongsan Perth Mint JV at 31 December 2005.

