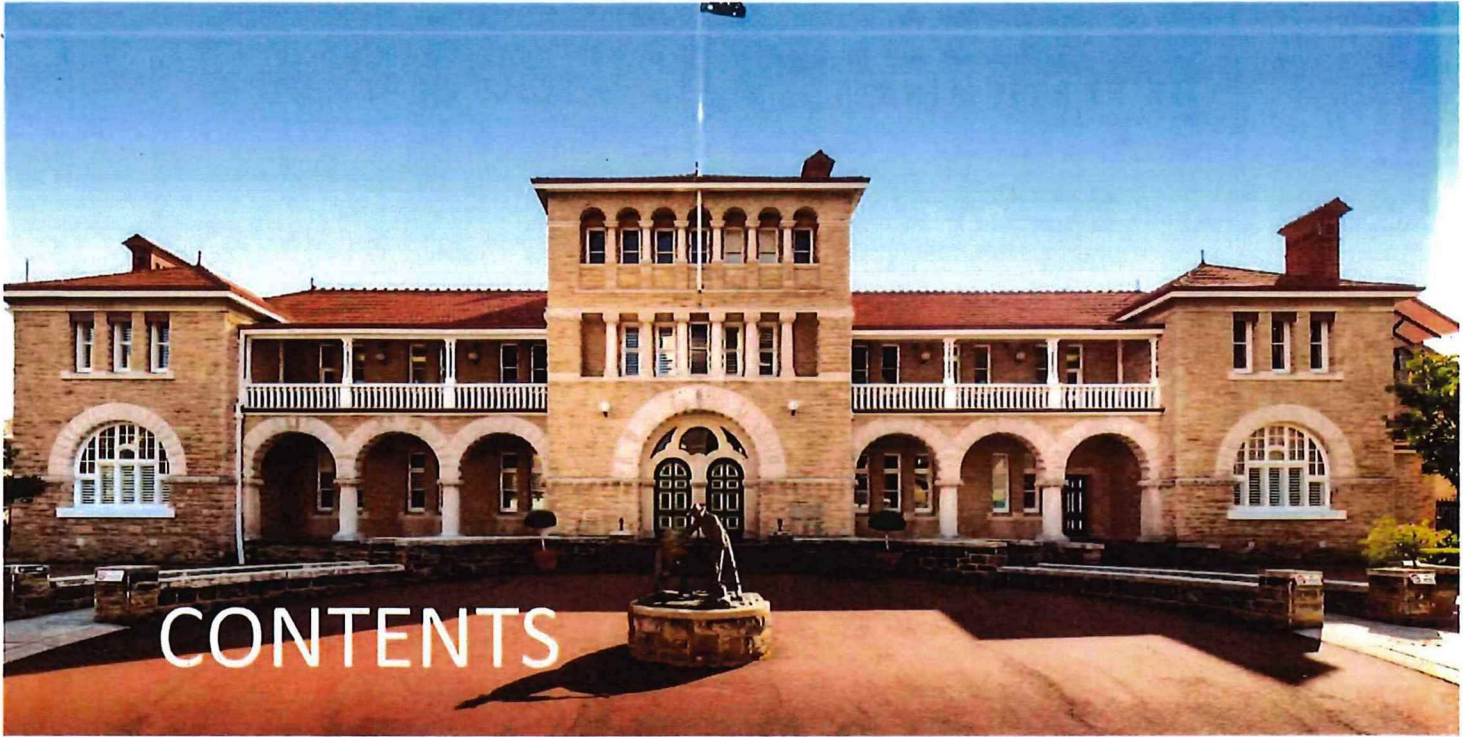


Gold Corporation

Statement of Corporate Intent

2023-24





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STATEMENT OF CORPORATE INTENT – 2023 / 2024

1. INTRODUCTION

The state of the global economy impacts on Gold Corporation ('the Corporation'), through the international supply and demand for precious metals. As precious metals are safe-haven assets, demand for many of the Corporation's products and services tends to be inversely correlated with worldwide economic sentiment.

The global impact of COVID, which started in early 2020, gave rise to unusually volatile trading conditions, which in turn heightened demand for precious metal products. Despite the direct global economic impacts of COVID having largely abated, high levels of inflation in many of the world's biggest economies and heightened geopolitical tensions have resulted in demand for the Corporation's products remaining elevated through to the time of writing.

While it is impossible to know when conditions will begin to normalise, historically precious metal markets have weakened when economic sentiment rebounds after periods of significant instability. Such conditions, in the past, have resulted in poorer financial outcomes for the Corporation. The budget for 2023-24 has therefore been prepared on the assumption that overall market conditions will have commenced normalisation prior to the beginning of the period.

The Corporation is a 100% WA State Government (Government) owned, for-profit entity operating in a competitive environment. This document has been prepared to ensure any commercially sensitive information is not made publicly available.

2. ACTIVITIES

The Corporation, trading as The Perth Mint, is a unique vertically integrated precious metals business employing more than 500 Western Australians. It refines newly mined as well as secondary gold and silver. From that it produces a wide range of value-added bullion and numismatic products. Additionally, safe storage facilities for bullion are marketed to investors from around the world. The Corporation is the only official producer of Australian legal tender bullion coin series. It is licensed to produce Australian legal tender numismatic coins, also referred to as collector and commemorative coins. It also produces such coins on behalf of other issuing authorities. Approximately 90% of the Corporation's revenue is generated from exports and it is currently Western Australia's fourth largest exporter.

The Corporation has consistently played a vital role in Western Australia's precious metal industry since opening as The Perth Mint in 1899. By forging relationships spanning the entire spectrum of the precious metal value chain, from miners to the delivery of physical products and investment solutions, the Corporation is uniquely positioned to promote, and facilitate continued excellence in Western Australia's precious metal industry.

The Corporation has three wholly owned subsidiaries: Western Australian Mint, GoldCorp Australia and W.A. Mint Pty Ltd. Its integrated business model operates across all three in

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such a way that it is impossible to give meaningful financial figures for each of the subsidiaries, with the operations reporting on a consolidated basis.

Aspects of the business are outlined below.

Precious Metal Refining

The Refinery, located near Perth Airport, processes the majority of Australia's gold doré production, as well as some gold produced in surrounding countries. It also refines significant amounts of silver.

Gold mines produce most of their gold in the form of doré – gold alloyed with silver and base metals. After the doré arrives at the Refinery it is weighed, melted and assayed. After these processes have been completed, the producer's bullion account is credited with the precious metal ounces or payment is made in cash. It takes the Refinery about 10 days to process the gold and silver. After that it is ready to be used elsewhere in the organisation or be sold to customers around the world as bullion (in bars and other forms). Failing either of these options, the gold is shipped to the bullion market in London as London Good Delivery bars.

Coins and Other Minted Products

Some of the gold and silver is turned into coin blanks, either for sale to other mints around the world or for use in the Corporation's own products. The latter include:

Bullion Coins

The Corporation operates one of a handful of mints worldwide which produces bullion coins and is the sole official issuer of Australia's bullion coin program. The program consists of the gold and silver Kangaroo, the silver Kookaburra and Koala, and the Lunar gold and silver coins. The purpose of bullion coins is to make available to the public and institutions a convenient way of acquiring precious metals in a form that can be trusted, is difficult to forge, is easily recognisable and is readily tradable.

Numismatic Coins

These are also sometimes referred to as modern numismatic coins, commemorative coins or collector coins. The Corporation operates one of two mints issuing Australian legal tender numismatic coins and it also issues coins which are legal tender of other countries. The core range of Australian numismatic coins celebrate Australian culture, places, history, nature, and events, and they promote Australia around the world.

Minted Bars

These are popular in some markets around the world and are minted in the same way as coins. Bearing the mark of a known mint or refiner and packed in tamper proof packaging, they are another way in which precious metals can be acquired conveniently.

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Depository – The Safe Storage of Precious Metals

The Depository allows customers to own precious metals with the following advantages:

- They do not have to deal with the issues associated with taking physical possession of the metal, such as transport, physical security, or insurance.
- The metal can be liquidated (sold for cash) readily and the cash remitted to the customer's nominated bank account. The customer does not have to transport the metal anywhere and can give the instruction (in an approved safe manner) to sell from the comfort of their homes.

Customers wishing to invest in precious metals in the Depository have access to the following types of products:

Unallocated Metal

The Corporation has a liability denominated in fine ounces to the customer. It provides assurance to these customers and always ensures that it holds sufficient metal inventory to back all such liabilities. The Corporation's precious metal holdings are held in various locations: the Mint, the Refinery, other approved vaults or with bullion banks in London. The unallocated customer metal holdings are used to fund the precious metal inventory needs of the Corporation. The Corporation's London metal holdings are maintained for liquidity and transactional purposes. The main advantage for customers of unallocated metal over allocated products is that they pay no storage fees.

Allocated Metal

Specific precious metal items (coins or bars) are kept for customers in the vaults. The metal is not used by the Corporation and there is a storage charge for the service.

Pool Allocated Metal

Customers own a share in a stock of bullion bars kept in vaults. The Corporation does not use the metal and a storage charge (lower than for allocated metal) is payable.

The ways in which customers have access to these products are:

Perth Mint Certificate Program

Generally, for investors with smaller holdings.

Perth Mint Depository Services

Generally, for investors wishing to invest larger amounts.

Perth Mint Depository Online

The Depository Online platform allows registered users to buy and sell precious metals through an easy to use and secure online trading platform.

Perth Mint Gold

This is a security listed on the Australian Securities Exchange (ASX: PMGOLD).

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GoldPass

The GoldPass app allows registered users to electronically buy and sell gold holdings, and to transfer those holdings to other approved users. Following a regular review of the Corporation's customer offerings and products as part of an update to the Corporation's business strategy, it was determined that the Corporation would exit GoldPass. In March 2023 the Corporation commenced an orderly winddown of GoldPass accounts in line with its commercial and legal obligations.

Perth Mint Gold Token (PMGT):

The Corporation has worked with leading precious metals digitisation company Trovio (formerly InfiniGold) to launch gold tokens on a public blockchain. The Corporation's role is to store the gold backing the digital tokens which are marketed to individual and institutional investors. As with Gold Pass, PMGT is also in the process of an orderly winddown.

The Shop & Exhibition

The East Perth site is home to heritage buildings, erected when the Perth Branch of the (British) Royal Mint was founded in 1899. Located in Hay Street, East Perth, the site contains all the Corporation's operations, other than the Refinery. Office space has been increased over the years with the addition of new buildings. Part of the ground floor of the original building is taken up by the Shop and Exhibition.

The Shop sells not only the Corporation's own products (such as coins and bullion bars), but other Australian goods such as natural gold nuggets, south sea pearls, opals, and pink diamonds.

The Exhibition is an award-winning tourist attraction with an array of displays telling the story of Western Australian gold. The highlights of any visit include viewing the world's largest coin, the 2012 Australian Kangaroo One Tonne Gold Coin, and the hourly gold pour. This takes place in the historic melting house, in which 200 ounces of gold is melted and poured into a bar. Visitors can also view the coin minting process through security glass.

3. OBJECTIVES

Financial objectives of the Corporation are to include:

- Earning a commercial return on capital.
- Meet its capital expenditure and other cashflow requirements from its own resources.
- Pay tax equivalent amount and a 75% dividend to Government, subject to Government Policy.

According to the financial projections, the Corporation will achieve its financial objectives during the plan period.

Operational objectives are to:

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- Continue the enhancement of safety, environmental and quality systems, and operate in a sustainable manner that acknowledges the Corporation's social and legal obligations in accordance with established Environmental, Social and Governance protocols.
- Ensure the Corporation operates in accordance with the Government's expectations and risk appetite.
- Maintain gold and silver refining volumes, and levels of service to the precious metals industry.
- Increase bullion coin world market share.
- Continue developing the market for numismatic coins.
- Maintain and improve the Corporation's reputation in the industry, both in Australia and overseas.
- Promote Western Australia's heritage and maintain The Perth Mint's position as a premier tourist destination.

4. PRIORITIES FOR 2023/24

- Continual improvements in the management of safety and the environment at the Corporation.
- In cooperation with AUSTRAC, continue to ensure its AML/CTF program is compliant.
- Further develop internal governance systems and processes.
- Ongoing enhancement of the Corporation's risk management capabilities.
- Ensure the Corporation's commitment to sound sustainability principles is embedded in all its undertakings and decision-making processes.
- Maintain high levels of service to refining customers to retain their business in the face of competitive pressures.
- Increase distribution of precious metal bars and coins into target markets.
- Pursue appropriate institutional and Depository Online business.
- Actively market all components of the Corporation's business to existing and target customers.

5. CAPITAL INVESTMENT

The cost of the Corporation's Capital Investment Program for 2023/24 is \$20.84 million. It covers the following:

- Installation of a solar array (non-exporting) at the Refinery for environmental and commercial purposes.
- The erection of a new stores building at the Refinery to increase capacity and facilitate better systemisation of spare part and consumable storage.

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- The addition of new refining and casting plant and equipment (such as casting lines) will replace aging equipment and increase the capacity of the refining and casting operations.
- The addition of new minted product manufacturing plant and equipment (such as coin presses) will replace aging equipment and increase the capacity of the manufacturing operations.
- Continuing investment in business technology to further improve security, reduce risks, facilitate automation, centralise information management and improve the customer experience.
- Routine capital expenditure in the Mint and Refinery is managed in terms of a rolling 10-year plan.

6. BUSINESS MANAGEMENT

Dividend Policy

The Corporation will comply with the Government's Dividend Policy, as determined from time to time by our owner, the Government.

Borrowings

Although always an option, the Corporation will not seek to borrow funds from Western Australian Treasury Corporation and will seek to fund its capital expenditure from operational cash flows.

Accounting Policies

The Corporation's financial statements for the year ended 30 June 2022 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 Management Act 2006 and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts, and other authoritative pronouncements of the Australian Accounting Standards Board.

Details of the Corporation's significant accounting policies can be found in the Notes to the Financial Statements in the 2021-22 Annual Report. These policies are not expected to change in the 2022-23 or 2023-24 financial years.

Performance Reporting

The Chair and Board of Directors are appointed according to terms of Section 5 of the *Gold Corporation Act 1987*. One director is the Assistant Under Treasurer Agency Budgeting and Governance in the Department of Treasury as an *ex officio* board member.

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The Board receives monthly reports on the performance of the Corporation and more detailed reports are tabled at quarterly board meetings. A special meeting is held to approve the annual accounts and additional board meetings are held when necessary.

The Board has established four committees – the Audit and Risk Management Committee, the Nominations and Remuneration Committee, the Treasury Committee (currently suspended) and the Health, Safety and Environment Committee. These meet regularly as appropriate.

Regular meetings are also held with the responsible Minister, or members of his or her staff, during which performance and other issues are discussed.

Annual Report

The Corporation's website at www.perthmint.com promotes the organisation and its business. It also contains the annual report and other important documents. It is anticipated that the annual report for the plan year will have contents like the one currently on the website. Printed annual reports are submitted to the Minister and Department of Treasury, with the required number of copies being prepared for tabling in Parliament.

Australian Transaction Reports and Analysis Centre (AUSTRAC)

On 30 August 2022, AUSTRAC ordered the appointment of an external auditor by the Corporation under section 162(2) of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF Act). The external auditor has been appointed by the Corporation and authorised by AUSTRAC to assess the Corporation's compliance with the AML/CTF Act and Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No.1). It is not possible to quantify the potential financial effects, if any, until after the completion of the audit.

Strategy

In March 2023, the Corporation launched a new five-year corporate strategy for the period 2023-28, which was developed in consultation with a wide range of stakeholders. Following the launch of the Strategy, the Corporation engaged external management consultants to undertake a strategic review with regards to the long-term direction of the Corporation, which is yet to be finalised. Execution of the five-year corporate strategy remains the Corporation's primary focus.

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APPENDIX A – FINANCIAL OUTCOMES AND BUSINESS TARGETS

TARGETS

	Forecast 2022-23	Projected 2023-24
Assumptions		
Gold price - USD/oz.	1,837	2,061
Exchange rate AUD/USD	0.674	0.677
Dividend policy rate: % of after-tax profit	nil	75.0%
Financial outcome		
Operating profit before income tax (\$000)	22,516	8,421
Operating profit after income tax (\$000)	15,762	5,894
Net assets/equity (\$000)	190,973	185,047
Capital expenditure (\$000)	25,334	20,837
Cash balances		
Non-restricted cash	152,915	144,671
Restricted cash (retained dividend)	39,251	35,877
Total cash	192,166	180,548
Accruals to Government		
Income tax (\$000)	6,754	2,527
State tax on payroll (\$000)	2,911	2,652
Dividend (for previous financial year) (\$000)	nil	11,820
Total accrual to Government (\$000)	9,665	16,999
Non-financial KPIs		
Number of fatalities	nil	nil
Lost time injury frequency rate	nil	nil
% of workers returned to work within 26 weeks	>80%	>80%
% of managers trained in OSH & injury management	>80%	>80%
Global market share of Australian gold bullion coins	12%	12%
Coins and bars - total premium income	\$74.0m	\$64.5m
Coins and bars - premiums as a % of metal value	4.20%	4.20%
% of Australian gold doré production refined	80%	80%
Return on equity	11.8%	4.6%
Visitors to Perth Mint Exhibition	75,000	75,000
Visitors' satisfaction level	99.90%	99.90%