

## 1. OUR BUSINESS

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Gold Road Resources Limited (**Gold Road** or the **Company**) is an S&P ASX 200 Australian gold producer with a Tier-1 mine as well as exploration projects in the underexplored and highly prospective Yamarna Belt in Western Australia's north-eastern Goldfields.

Gold Road owns 50% of the world-class Gruyere Gold Mine, which was developed in Joint Venture with Gold Fields Ltd (JSE: GFI) and produced first gold in June 2019. Annual production at Gruyere is expected to lift from 258,173 ounces produced in 2020 to a sustainable 350,000 ounces by 2023 (100%)<sup>1</sup>, making it one of Australia's largest and lowest-cost gold mining operations.

## 2. AUSTRALIAN VOLUNTARY TAX TRANSPARENCY CODE (TTC)

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Gold Road has a strong commitment to transparency and compliance from a regulatory and financial perspective. To promote transparency with our stakeholders and the public, Gold Road publishes this Tax Corporate Governance Statement on a voluntary basis. This Statement includes information recommended to be disclosed under the Australian Voluntary Tax Transparency Code (**TTC**).

For the purposes of the voluntary TTC, Gold Road is considered to be a medium taxpayer. Based on this categorisation, Gold Road is only required to complete 'Part A' of the TTC to participate in the voluntary disclosure scheme. However, in keeping with Gold Road's commitment to be open and transparent in its disclosure of tax information, the Company has chosen to extend to include elements of the voluntary 'Part B' disclosures in addition to the 'Part A' disclosures.

## 3. FINANCIAL AND TAX REPORTING

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### 3.1 Basis of Preparation

This Statement provides information regarding Australian tax activities for the 2020 Financial Year<sup>2</sup>, in compliance with the voluntary TTC. This information has been sourced internally, is given in summary and rounded form and has not been subject to external audit except to the extent disclosures align with those provided in Gold Road's Annual Report. This report should be read in conjunction with Gold Road's 2020 Annual Report.

This report includes details of payments made to Australian tax authorities by Gold Road and its wholly-owned subsidiaries. Effective 1 January 2017, the Company made an election to form a tax consolidated group for income tax and GST reporting obligations, comprising all of its wholly owned subsidiaries. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Gold Road Resources Limited.

Gold Road only conducts operations in Australia and accordingly does not have any international related parties.

All amounts are calculated in accordance with Australian Accounting Standards and are denominated in Australian Dollars.

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<sup>1</sup> ASX announcement dated 15 February 2021.

<sup>2</sup> Gold Road operates on a calendar financial year.

# TAX CONTRIBUTION AND GOVERNANCE REPORT AS AT 31 DECEMBER 2020



## 3.2 ATO Streamlined Assurance Review

In June 2020 Gold Road completed a Streamlined Assurance Review (**SAR**) for the income years ended 30 June 2016 to 31 December 2018. This SAR was part of the Australian Taxation Office (**ATO**) Top 1000 Tax Performance Program, and the purpose of this review was for the ATO to obtain greater confidence that Gold Road paid the right amount of income tax during the review period, or identify areas of income tax risk in respect of the income years reviewed.

The outcome of this review was that the ATO determined there to be a high overall level of assurance that Gold Road paid the right amount of income tax for the review years.

## 4. VOLUNTARY TAX TRANSPARENCY CODE

Consistent with the code, this Statement is to be read in conjunction with the tax disclosures in the 2020 Annual Report, available on the Gold Road website [www.goldroad.com.au](http://www.goldroad.com.au). This Statement provides the following voluntary tax information:

- A reconciliation of accounting profit to tax expense and to income tax paid or payable
- Reconciliation to ATO public tax transparency disclosures
- Identification of material temporary and non-temporary differences
- Accounting effective company tax rates for our Australian operations
- Tax contribution summary for corporate taxes paid
- Approach to tax strategy and governance

### 4.1 Reconciliation of Accounting Profit to Income Tax Expense and Income Tax Paid or Payable

Income tax payable reported on the Company's balance sheet, is calculated by multiplying accounting profit for the year, adjusted for both temporary and non-temporary differences, by the corporate tax rate.

Income tax expense, reported on the Company's income statement, is calculated by multiplying accounting profit, adjusted for non-temporary differences, by the corporate tax rate. Income tax paid or payable represents the actual income tax paid or payable to the ATO.

#### (a) Reconciliation of Gold Road's accounting profit to income tax expense

	31 December 2020 \$000	31 December 2019 \$000
<b>Profit/(loss) before income tax</b>	<b>113,471</b>	<b>(5,215)</b>
Tax at the Australian tax rate of 30% (December 2019: 30%)	34,041	(1,565)
<i>Increase/(decrease) in income tax expense due to:</i>		
Non-temporary differences	63	578
Deferred tax impact of share based payments	(482)	Nil
Adjustment for current tax of prior periods	(970)	426
<b>Income tax expense/(benefit)</b>	<b>32,652</b>	<b>(560)</b>

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## (b) Reconciliation of Gold Road's accounting profit to income tax payable

	31 December 2020 \$000	31 December 2019 \$000
Income tax expense/(benefit)	32,652	(560)
Movement in deferred tax (temporary differences)	(25,316)	1,068
	7,336	508
Current tax payable/(receivable) at 1 January	Nil	Nil
Tax payments made to tax authorities	Nil	(508) <sup>1</sup>
<b>Income tax payable at 31 December</b>	<b>7,336</b>	<b>Nil</b>

<sup>1</sup> Tax payment relates to prior period amendments

## (c) Tax Losses

At 31 December 2020 the Company has no carry forward tax losses because the balance carried forward as at 1 January 2020 of \$74.308 million has been fully utilised in the year ended 31 December 2020 (31 December 2019 assessed loss balance: \$74.308 million).

## 4.2 Material Temporary and Non-Temporary Differences

Total income reflected in Gold Road's income tax return is based on Australian accounting principles and as disclosed in the Consolidated Statement of Profit or Loss. Under Australian income tax law, taxable income is calculated as assessable income less allowable deductions. The major differences between total income and taxable income relate to allowable deductions of Gold Road.

A summary of material non-temporary and temporary differences for the year ended 31 December 2020 is provided below:

Differences	Description
Non-temporary differences	Non-deductible expenditure
	Share based payments
Temporary differences	Exploration and evaluation expenditure
	Mine development costs (includes pre commercial levels of production expenditure and revenue)
	Property, Plant and Equipment
	Rehabilitation accretion
	Utilisation of carried forward tax losses

## 4.3 Accounting Effective Company Tax Rates

The effective tax rate is calculated as income tax expense divided by accounting profit. The effective tax rate will differ to the company tax rate due to the non-temporary differences. The effective company tax rates are outlined in the table below:

	2020	2019
<b>Effective tax rates</b>	28.8%	10.7%

The effective tax rates are lower than the Australian company tax rate of 30% due to utilisation of carried forward tax losses.

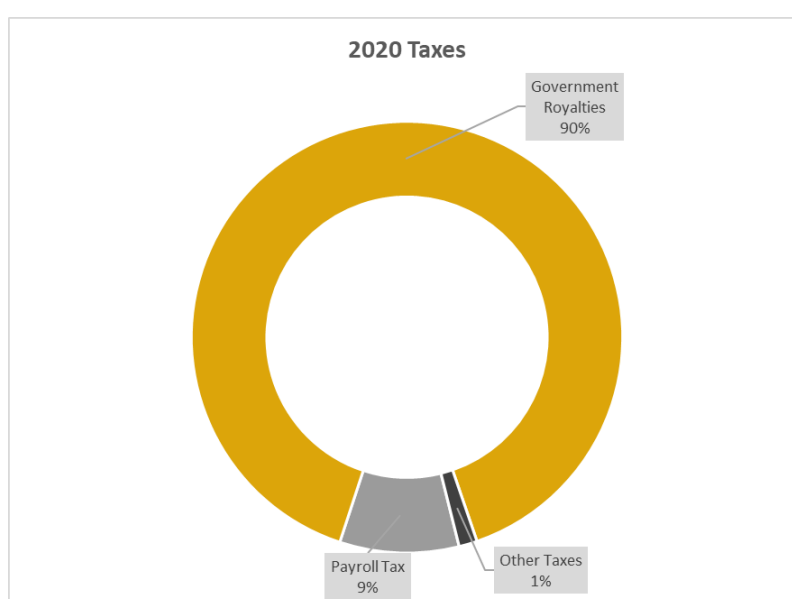
# TAX CONTRIBUTION AND GOVERNANCE REPORT AS AT 31 DECEMBER 2020



## 4.4 Tax Contribution Summary for Corporate Taxes Paid

The table below provides an overview of all the Australian Federal and State taxes actually paid by Gold Road for the current and prior year.

	31 December 2020 \$000	31 December 2019 \$000
Income Tax <sup>3</sup>	-	508
Payroll Tax	765	592
Fringe Benefits Tax	20	56
Government Royalties	7,671	764
Local Government Charges	63	113
Stamp Duties	34	436
<b>Total</b>	<b>8,553</b>	<b>2,470</b>



## 4.6 Approach to Tax Strategy and Governance

In July 2019 Gold Road implemented a Tax Risk Governance Framework (TRGF). The TRGF documented and formalised Gold Road's existing tax risk strategy, which is set out below.

Gold Road is committed to conducting its business as a good and reliable corporate citizen. Gold Road manages its taxes in a prudent and sustainable manner and ensures it complies with all its tax obligations responsibly. Gold Road's strategy for managing tax risk is as follows:

- To ensure that tax risks are considered as a part of the overall commercial assessment of any transaction.
- To comply with all tax compliance obligations and payments in a timely manner.
- To take a measured approach to the assessment and management of tax risk with a view to being considered by tax authorities as low risk.
- Not to participate in tax evasion or to facilitate the evasion of tax by a third party in any way.

<sup>3</sup> Income tax payable for 2020 (refer 4.1(b)), will be paid in 2021 on finalisation and lodgement of the 2020 income tax return.

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- To foster constructive, professional and transparent relationships with the revenue authorities based on concepts of integrity, collaboration and trust.
- To protect the reputation of Gold Road in relation to tax matters.
- To proactively engage and communicate regularly with the Board, the Audit Committee and others within Gold Road so as to adopt a 'no surprises' approach to the management of tax risk.
- Not to be involved in aggressive tax planning and not to use artificial or abnormal tax structures that are inconsistent with industry practice.
- Taxation, royalty payments and tax risk governance framework are included within the scope of internal audit.

The TRGF also documents various tax policies and procedures to give effect to the above tax risk strategy and has been unanimously endorsed and adopted by the Board. A tax risk register is maintained by the Company and reporting and monitoring to the Board and Audit Committee of the updated risk register occurs at least annually.

## 5. DOCUMENT CONTROL

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Version Number	Revision Date	Document Owner	Document Approver
Version 1.0	8 March 2021	General Manager - Finance	Board of Directors