



**McARTHUR RIVER MINE
COMMUNITY BENEFITS TRUST**



ANNUAL REVIEW 2018

February 2019

FINAL

Executive Summary

In 2018 the MRM Community Benefits Trust marked its eleventh year of operation. Programs supported by the Trust in FY 2018 have generated high profile and impact through the approval of 12 new grants valued at \$2.5 million.

The grant programs have supported five of the six focus areas of the Trust with one major grant in the category of Social and Community Development accounting for approximately 60% of the total investment. The project was;

- \$1.5 million (ex GST) in support for the sport and recreational grounds.

In addition, significant support was also given to;

- The John Moriarty Foundation (\$270,000) for scholarships for youth to study and advance their soccer skills in Sydney.
- \$157,300 towards the Robinson River Creche Shade Sail.
- The Roper Gulf Regional Council Animal Welfare program in the region over a three-year period at \$107,778.
- Borroloola Amateur Rodeo Club facilities upgrade (\$110,000).

The largest number of programs was undertaken in the Social and Community Development sphere with 7 new grants representing a total of 81% of committed funds during the year. Although the most substantial being the sport and recreational grounds upgrade, other projects included the Borroloola pool equipment and facilities upgrade and in Robinson River the fuel bowser upgrade, sport and recreational vehicle and trailer and the creche shade sail installation.

In the 11 years to 30 June 2018, the Trust had committed \$15.9 million (ex GST) to 95 projects. During these 11 years that the Trust has been active, its supported programs have reached across the entire gulf region targeted. While the majority has centred around the town of Borroloola, programs have also supported the communities of the Sir Edward Pellew Islands, King Ash Bay, Robinson River and Kiana. Significantly, the benefits of these programs have also been shared among the four local Indigenous language groups that are represented on the Trust board - Gurdanji, Marra, Yanyuwa and Garrawa - and their representative organisations.

The Trust Board met four times during the year in addition to the Annual General Meeting for the previous financial year held in December 2017. In the past, the local Indigenous Board Members participated in the Allocations and Investments Committee, which reviewed submissions received and made recommendations to the Board. However, these did not continue in 2018 and the purpose of the Committee and its future role will be part of the Board's review process of its systems.

This Annual Review provides a summary of the Trust's activities during the 2017-18 financial year and its financial position.

The Special Purpose Financial Report prepared by Trust accountant, Deloitte, and audited by TDH Accountants is also provided. This demonstrates the Trust is in a strong financial position with:

- a substantial increase in its surplus during the year to \$3,3 million

- low operating costs at less than 2% of total revenue
- cash and bank balances of more than \$8.6 million enabling the Trust to consider supporting major projects, honour commitments already approved and continue to allocate a high percentage of annual revenue to grant funding.

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ABN 32 726 745 226

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Cover Images

Participants of the John Moriarty Football program, the fifth annual Malandarri Festival and the Borroloola Community Pool all supported by grant funding committed by the Trust.

1. MRM Community Benefits Trust Overview

On 4 July 2007, McArthur River Mining (MRM) and the Northern Territory Government (NTG) entered into an agreement to establish the MRM Community Benefits Trust (the Trust) as a vehicle for delivering social and economic benefits to the Borroloola regional community.

Objectives

The Trust aims to:

- Facilitate ongoing sustainable development of the community and the region including community capacity building and local business enterprise development
- Build infrastructure within the community to a level that will facilitate the creation of local jobs, diversity of new enterprise, beneficial social activity and improved health outcomes
- Enhance the positive social and economic impact of MRM's mining operations on the community and the region as far as is reasonably practical
- Create jobs and training opportunities.

Commitments

The Trust is committed to supporting:

1. Employment, training and enterprise development generated both through MRM's mining operations and in the wider Borroloola economy including:
 - a. Fulfilling MRM's target to achieve 20% workforce participation by Indigenous people
 - b. The commitment to generate and support the establishment of one new local business per annum to supply a product or service to the mine
2. A community-based package of social and economic programs: enterprise and job creation; environment; education; social and community development; health; culture and art.

Charitable Purpose

The charitable purpose of the Trust is to provide:

- Grants, scholarships, bursaries and other assistance for education, vocational training and enterprise development
- Grants and other assistance for community infrastructure and community development, including the promotion of initiatives in the areas of health, law, arts, sport and culture.

This Report

This report covers the operations of the Trust for the financial year ending 30 June 2018.

As required under the Trust Deed, this Annual Review includes:

- A summary of the Trust's activities
- The financial position of the Trust
- Details of the distributions made by the Trustee during the financial year and the projects to which the distributions relate
- Impact on regional development, new jobs and community infrastructure.

Please note:

- All dollar values for grants committed are quoted excluding GST.
- All reporting is on a financial year basis with this report and its financials relevant to the year ending 30 June 2018.

2. Trustee Board

Directors

The Trustee Board comprises nine Directors whose roles are to manage the Trustee Company's business and affairs, authorise payments and appoint and oversee the supporting officers. The Board members during the 2018 financial year were as follows.

Trustee Directors, 2018

Constitutional requirement	Director	Changes
Two Directors nominated by MRM, including one independent	Greg Ashe Chief Operating Officer, Glencore Zinc Assets in Australia	Sam Strohmayr, General Manager MRM appointed as a proxy for Greg Ashe
	Paul Henderson Independent Director	
Two Directors nominated by the Northern Territory Government, including one independent	Mike Reed Independent Director	
	Jake Quinlivan Regional Executive Director, Big Rivers Region, Department of Chief Minister	Appointed July 2017
One Director elected by Community Members	Stan Allen	
Four Directors representing Indigenous Members	Tony Jack Mayor, Roper Gulf Shire Council, Garrawa Traditional Owner	
	Samuel Evans Marra Traditional Owner	Warren Timothy appointed a proxy for Samuel Evans
	David Harvey Yanyuwa Traditional Owner	Graham Friday appointed as a proxy for David Harvey
	Allan Baker Gurdanji representative	

The four Directors representing Indigenous Members are nominated annually by the Board of MAWA as the representative body for the four language groups within the region. Darrin Hepworth of MAWA, attends and participates in the Board meetings as an ex-officio member and adviser to the Indigenous Directors.

Board Meetings

A quorum for a meeting of Directors is 5 with at least two of the Directors present forming the quorum having been nominated by each of the Foundation Members.

Attendance at Board Meetings, 2017- 18

Director	17 August 2017	13 December 2017	13 December 2017 (AGM)	21 February 2018	23 May 2018	Total meetings
Greg Ashe	✓	✓	✓	✓	✓	5
Paul Henderson		✓	✓			2

Jake Quinlivan	✓	✓	✓	✓	✓	5
Mike Reed	✓	✓	✓	✓	✓	5
Stan Allen	✓	✓	✓		✓	4
Allan Baker	✓	✓	✓	✓	✓	5
Tony Jack	✓				✓	2
Sam Evans	✓			✓	✓	3
David Harvey		✓	✓	✓	✓	4
<i>Total attending</i>	7	7	7	6	8	5

Term of engagement as Director

✓ In attendance

✓P Proxy in attendance

All meetings in 2018 had a quorum ensuring agenda items were able to be ratified at each meeting.

3. Trust Activities

Management Services

Project Officer

The Project Officer (PO) role is contracted and was up for renewal in 2018. The current PO's opted to remain out of the tendering process and completed their contract in early 2018. In April 2018, Plan C was appointed as new Project Officers. The Board has taken the opportunity to review their systems and processes and as such, have introduced some changes ensuring the organisation stays relevant and the Board follows good corporate governance.

Marketing

Since the Trust began operations, all information relating to its activities has been available online through the MRM website. During 2017, the Board launched a new, dedicated website: www.mrmcommunitytrust.com. This has been successfully continued to be used in 2018 and a future review of the site is planned to ensure it is maintained up-to-date. In 2018, Facebook and Instagram pages were also created to further promote the activities of the Trust - @MRMCommunityBenefitsTrust

Project Visits

In 2017 Board Members raised the need to visit projects and communities to talk about what the Trust does and opportunities for the future. As a result, the Board invited the community to a lunch in combination with the May 2018 Board Meeting. This was also the first meeting the new Project Officers attended, providing them an opportunity to meet community members and organisations benefitting from the Trust.

The Board has indicated a desire to increase their visibility in the community and as such, will increasingly combine engagement opportunities with the community at future Board meetings.

Constitutional Review

A Board Paper into the proposed Constitutional Review was tabled in 2018 and has led the Board to commence a review to ensure the Constitution is clear and reflects the Board's activities. This work will continue until early 2020.

Financial Reporting

Deloitte together with Board Members have continued their work in improving financial reporting, ensuring clear reports are provided quarterly.

Strategic Planning

A workshop held with the Board on 22 June 2016 reviewed priorities under the three-year plan for 2016 - 2019. This plan was finalised in August 2016. The priorities identified for each focus area are summarised in the table below.

Strategic Plan Priorities, 2016-2019

Focus areas	Priorities
Education	<ul style="list-style-type: none"> - Improved literacy - Teaching of traditional languages and cultural respect - Enabling greater school attendance - Promote individual educational bursaries
Enterprise and job creation	<ul style="list-style-type: none"> - Undertake a local jobs mapping exercise to link school pathways to real work - Establish new small businesses: repairs and maintenance, tourism
Arts and culture	<ul style="list-style-type: none"> - Develop a cultural centre in Borroloola as part of a tourism strategy
Social and community development	<ul style="list-style-type: none"> - Establish a local Indigenous Housing Company - Family support programs - Men's Group support: programs such as prison rehabilitation, counselling on country - Out of school hours program for youth - Young Leaders Program
Health	<ul style="list-style-type: none"> - Mental health facilities and counsellors - Train, develop and employ Aboriginal Health Workers - Capacity development for self-administered dialysis treatment - Chronic disease management initiatives
Environment	<ul style="list-style-type: none"> - Improved regional coordination

Other outcomes of the strategic planning session encouraged the Trust to consider the appointment of young people to roles which can add value to activities including:

- Youth Engagement Program
- Trust Secretariat Intern Program

The two programs were not progressed during the reporting period and will be reviewed as part of the next strategic planning session in 2019.

The workshop outcomes were also been taken into consideration in a revision of the 20-Year Plan guiding the Trust. A consultant was appointed by MRM to both undertake a review of the first 10 years of the Trust's performance and to revise the initial 20-Year Plan, which was prepared in 2008 in consultation with the community. The analysis and revised plan were tabled for the Board's consideration and approval during the reporting period.

Community Infrastructure Budget

In 2015, \$4.2 million initially allocated for the Borroloola Multipurpose Centre development was reserved in a separate financial account held by the Trust. However, as the project didn't proceed, the Board resolved to allocate this investment for other community infrastructure projects.

A concept for this investment identified a wide range of community-based infrastructure needing funding support and which were either defined by the Roper Gulf Regional Council strategic plan or proposed by community members.

Grants - Ongoing Programs

Programs approved and contracted in prior years that continued to be active during the 2018 financial year, and where unexpended committed funds remained on these investments totalled \$1.7 million.

While some programs concluded during the 2017-18 financial year, some were either planned to be concluded in, or delayed until the following reporting period. This trend is indicative of the time lag which can occur between when a grant is approved and when the ultimate outcomes are achieved. The majority of unexpended commitments are with Roper Gulf Regional Council. To expedite progress the POs have drafted a letter to the Mayor who has agreed to have staff provide monthly updates on progress and to present at board meetings.

Unexpended Committed Funds, as at 30 June 2018

Financial Year approved	Program	Grant recipient	Focus area	Unexpended funds (ex GST)	Status
2015	Borroloola School Breakfast Program	Borroloola School	Education	\$4,545.46	Three-year support from 2015 - 2018
2015	Kiana School Breakfast Program	Gulf Group Schools	Education	\$5,909.09	Three-year support from 2015 - 2018
2015	Li-Ardubirri Playgroup	The Smith Family	Education	\$2,000	Two-year program ending January 2018
2016	Robinson River Historical Project	MAWA	Arts and Culture	\$9,090.91	Expected to be completed February 2019.
2017	Bangarra Dance Workshop	Borroloola School	Arts and Culture	\$25,000	One-week dance workshop 2018
2017	Growing Our Culture	Borroloola School	Arts and Culture	\$7,600	In-kind gifts for artists on Culture days
2017	Trade Training Essentials	Borroloola School	Enterprise and Job Creation	\$20,000	Education outcomes and benefits of employment pathways.
2017	John Moriarty Foundation Scholarships	John Moriarty Foundation	Health	\$72,545	Scholarships for young academics and sportspeople to go to school and live with families in Sydney.
2017	Portable Lift Chair	Mabunji Aboriginal Corporation	Social and Community Development	\$2,678.64	Install a disabled lift for aged and disabled people to access pool.
2017	Facilities Upgrade	Borroloola Amateur Rodeo Club	Social and Community Development	\$55,000	Upgrade facilities at the rodeo club.
2017	Equipment and Facility Upgrade	Roper Gulf Regional Council	Social and Community Development	\$10,000	Upgrade of equipment and facilities related to the sports courts
2017	Sports Court Upgrade	Roper Gulf Regional Council	Social and Community Development	\$1,200,000	Approval in principle to construct covered courts with sheds, lighting, carparking and access to support youth recreation.

2017	Borrooloola and Robinson River Animal Health Program	Roper Gulf Regional Council	Social and Community Development	\$79,798.18	Improve animal health, welfare and control within Borrooloola and Robinson River through training, desexing of animals and parasite control.
2017	Mungoorbada Sport and Rec Vehicle and Trailer	Mungoorbada Aboriginal Corporation	Social and Community Development	\$4,228.68	Vehicle and trailer for transporting sporting equipment within the region.
2017	Robinson River Creche Shade and Fencing	Mungoorbada Aboriginal Corporation	Social and Community Development	\$11,845.45	Replace broken and torn shade sail in the playground and repair perimeter fence.
	Total			\$1,510,241.41	

Grants - New Programs

Allocations and Investment Committee

The Allocation and Investments Committee did not meet during the year to discuss submissions received by the Trust. The board resolved to integrate the Allocations and Investment Committee (AIC) functions within the Board meetings which provides efficiencies to board members.

Plan C have developed a new two stage process for grants:

- Stage 1 Simple 2-page EOI presented to full board including AIC, for input and suggestions, if supported progress to full application
- Stage 2 Full Application (NB if a project is well considered and realised it can proceed straight to stage 2 Full Application)

The Committee is comprised of the community-based Directors, the Project Officers and an MRM representative.

The role of the Allocations and Investment Committee is to review grant submissions, discuss their merits, assess them against community needs and provide a recommendation to the Board on whether to approve or decline the grant. The intent of the Committee is to provide a forum for debate and discussion, particularly among local Directors.

Submission outcomes

A total of 15 submissions were reviewed by the Board during the financial year. Of these 13 were approved for funding.

Out of the 13 submissions approved, 4 were from the Roper Gulf Regional Council, three were from Borroloola School and three were from Mungorbaada Aboriginal Corporation in Robinson River. The remaining 3 were from other organisations in the region.

The following tables provide a summary of the submissions approved during the financial year.

Grants - Approved Submissions July 2017 - June 2018*

Financial Year approved	Project or Program	Grant recipient	Focus area	Value (ex GST)	Description
2017- 18	Borroloola Multi-Purpose Sport and Recreation Courts	Roper Gulf Regional Council	Social and Community Development	\$1,500,000	Construct covered courts with sheds, lighting, carparking and access to support youth recreation.
2017- 18	Borroloola Pool equipment and facilities upgrade	Roper Gulf Regional Council	Social and Community Development	\$66,000	Installation of new pool cleaners, shade structure and artificial turf and purchase of play equipment.
2017- 18	John Moriarty Football Program	Nangala Project	Education	\$270,000	Scholarships for young academics and sportspeople to go to school and live with families in Sydney.
2017- 18	Robinson River sports trailer and vehicle	Mungoorbada Aboriginal Corporation	Health	\$86,047	Vehicle and trailer for transporting sporting equipment within the region.
2017- 18	Robinson River Fuel Upgrade	Mungoorbada Aboriginal Corporation	Enterprise and job creation	\$76,897	Upgrade to the existing fuel system so that fuel remains available in the community.
2017- 18	Robinson River Creche Shade	Mungoorbada Aboriginal Corporation	Education	\$157,300	Replace broken and torn shade sail in the playground and repair perimeter fence.
2017-18	Rocky Creek Bridge Upgrade	Roper Gulf Regional Council	Enterprise and job creation	\$1,400,000	Approved in-principle support of \$1.4 million subject to equal commitment from RGRC and NTG
2017- 18	Borroloola School Trade Training Centre	Borroloola School	Education	\$40,000	Education outcomes and benefits of employment pathways.
2017- 18	Disabled Pool Lift	Mabunji Aboriginal Corporation	Health	\$16,315	Install a disabled lift for aged and disabled people to access pool.
2017- 18	Borroloola School - Bangarra Dance Workshop	Borroloola School	Culture and Art	\$40,500	One-week intensive dance and theatre workshop.
2017- 18	Borroloola School - Growing Culture	Borroloola School	Culture and Art	\$12,000	In-kind gifts for artists at culture days.
2017- 18	Animal Welfare Program	Roper Gulf Regional Council	Health	\$97,980	Improve animal health, welfare and control within Borroloola and Robinson River through training, desexing of animals and parasite control.

2017- 18	Facilities upgrade	Borroloola Amateur Rodeo Club	Social and Community Development	\$110,000	Upgrade facilities at the rodeo club.
	Total			\$3,873,040	

**Note: These are grants which have been approved by the Trust Board but may in some cases, still need to have Funding Agreements finalised. Once Funding Agreements are approved, tracking of unexpended committed funds by Deloitte is reported quarterly to the Trust Board.*

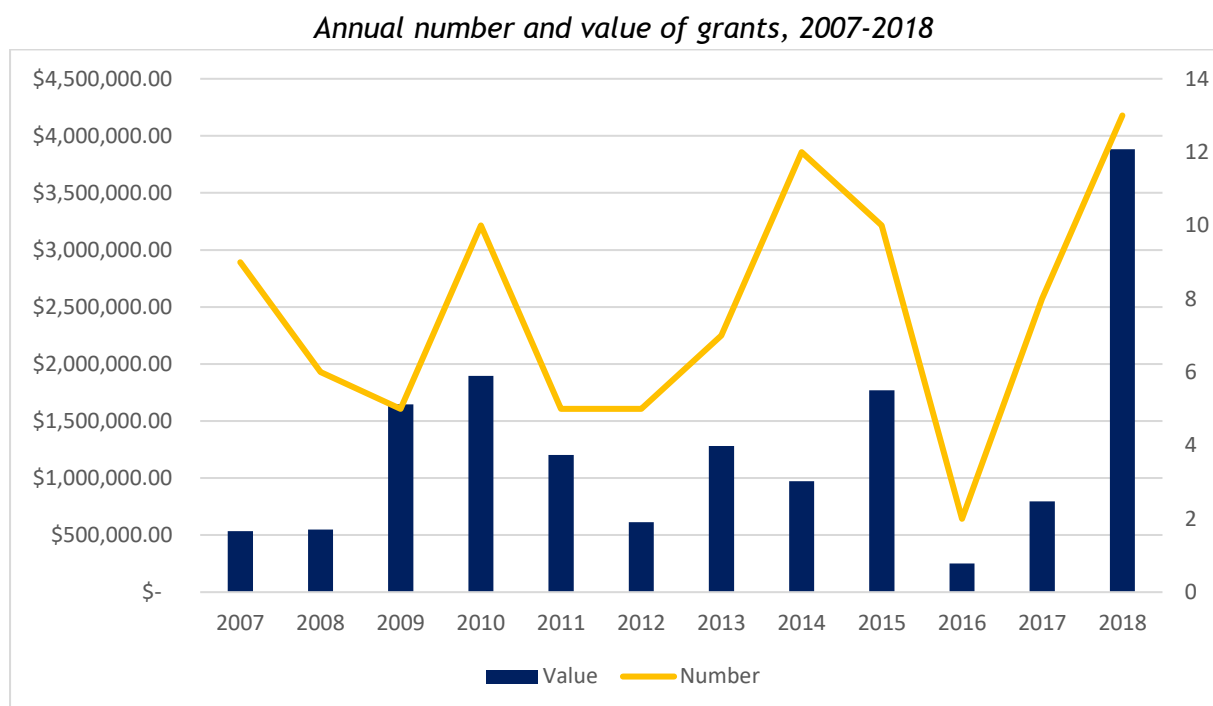
Grants - Declined Submissions July 2017 - June 2018

Financial Year declined	Project or Program	Grant recipient	Focus area	Value (ex GST)	Description
2017-18	Borroloola Government Resource Centre	Roper Gulf Shire Council	Social and Community Development	\$300,000	This grant sought a contribution towards the total cost of constructing a new \$3 million centre for the Council. Members did not support this application on the basis that a clear demonstrated need for Trust investment was not made and the project will proceed without this grant.
2017-18	Borroloola Show Grounds Grandstand	Roper Gulf Shire Council	Social and Community Development	\$1,000,000	Funding was sought for a new grandstand and facilities. Members did not support this application on the basis that the need for the scale of facilities was not clearly evidenced and no appropriate costing (including ongoing maintenance) was provided.

Grants - Allocation against Focus Areas

Annual Investment

During the 2017-18 financial year, both the number and value of grants approved was greater than annual averages. As previously indicated, 13 grants were approved with a total commitment of \$3.9 million (ex GST). As shown in the graph below, there is typically wide variation from year to year due to variables such as the capacity of local organisations, time lags between project development, approval and delivery, and the influence of major projects.



The new grants approved in July 2017- June 2018 cover 5 of the 6 focus areas of the Trust and are divided as follows.

New Grants by Focus Area and Value, 2018

Focus areas	No. grants	Total grant value (ex GST)	% of total
Enterprise and job creation	2	\$1,476,897	38.1%
Education	3	\$467,300	12.1%
Environment	-	-	-
Health	3	\$200,342	5.2%
Art and culture	2	\$52,500	1.4%
Social and community development	3	\$1,676,000	43.3%
Total	13	\$3,873,039	100.0

The majority of the committed values during the year were invested in two grants to the Roper Gulf Regional Council for:

- The renovation and reconstruction of the basketball courts with a roof and improved lighting, carparking and access to support youth recreation (The Board envisioned this

project to provide the community with long-term recreational opportunities, which the Roper Gulf Regional Council would maintain as part of its maintenance program, making the investment sustainable and significantly value adding to the community.)

- The in-principal amount of \$1.4m to upgrade the Rocky Creek Bridge

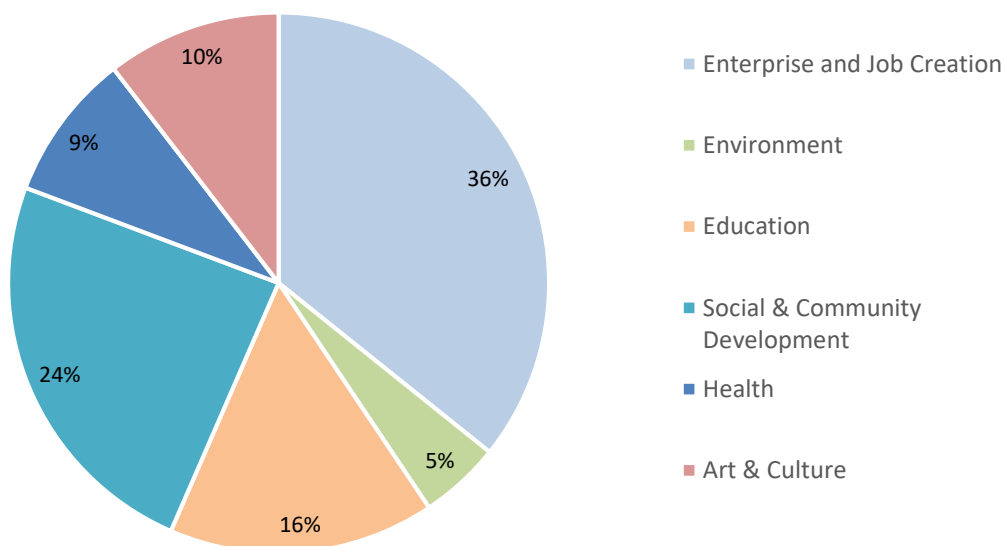
Trust History

The 2017-18 results bring the total number of grants approved since the formation of the Trust to 95 and the total value committed to almost \$16 million (ex GST). The allocation of all grants since the establishment of the Trust is demonstrated below.

Grants by Focus Area and Value, 2007-2018

Focus area	No. of grants	Value of grants (ex GST)	% of total value
Art and culture	18	\$1,668,522	10.4
Education	14	\$2,541,726	15.9
Enterprise and job creation	28	\$5,709,786	35.8
Health	14	\$1,409,136	8.8
Environment	6	\$776,058	4.9
Social and community development	15	\$3,865,807.55	24.2
Total	95	\$15,971,035.6	100.0

Grants as a Percentage of Total Commitments, 2007 - 2018



4. Financial Report

Financial Indicators

The Special Purpose Financial Report for the year ended 30 June 2018 was prepared by Deloitte, independently audited TDH Chartered Accountants and approved by the Trust Board at the Annual General Meeting in November 2018.

For completeness, Appendix 2 provides the Special Purpose Financial Report including all notes to the accounts. Commentary on the key financial indicators is summarised as follows.

Key financial indicators, as at 30 June 2018

Indicator	2018	2017
Revenue	\$5,485,169	\$2,486,268
Funding expenditure	\$2,212,854	\$875,407
Operating expenses	\$41,742	\$50,443
Surplus for the year	\$3,301,292	\$1,652,410
Cash and Bank Balances	\$8,675,266	\$8,338,366
Accumulated surplus	\$6,955,827	\$3,654,535

Revenue

The sole source on income for the Trust was the annual donation by McArthur River Mining Pty Ltd. All contributions by MRM are in line with compliance requirements.

Surplus

There was a substantial increase in the surplus during the year. In addition, there was a continued reduction in operating expenses, down from \$50,443 in 2017 to \$41,742 in 2018.

Investment was down from \$91,992 in 2017 to \$70,719 in 2018.

Importantly, this surplus was achieved after the payment of funding expenditure of \$2,212,854 during the year. This was significantly greater than the value of payments made in 2017 of \$875,407, as a result of significant number of new projects approved and commenced during the period.

Cash and Bank Balances

The Cash and Bank Balances of \$8.6 million represents the benefit of accumulated surplus, which rose to \$6.9 million in 2018 and the unexpended committed funds of \$1.7 million.

It places the Trust in a strong financial position to consider supporting major projects, honour investments already approved and continue to allocate a high percentage of annual revenue to grant funding.

Financial and Non-Financial Contributions

The operating expenses of the Trust have been able to be sustained at a low percentage of revenue due to the contributions of MRM and the NT Government in providing management services for the Trust. The Project Officer role is performed by a consultancy appointed by MRM. In the past the Secretariat function has been provided by the NT Government. However, since the appointment of the new Project Officers in April 2018, the function is overseen by them.

Management services provided by Plan C as Project Officers and Deloitte (finance)

Project Officer & Secretariat	Deloitte (finance)
<ul style="list-style-type: none"> - Grant management - submissions, contracts, reporting, monitoring - Community consultation and engagement - New program/project development - Database management - grants, stakeholders - Information management - submissions, reports, studies, photographs - Administrative support for all Board meetings - Correspondence - Tracking Board activities and clarifying issues on request - Data and information management 	<ul style="list-style-type: none"> - Governance of the Trust - statutory returns and financial reports - Financial and investment management

As required under section 10.3(b) of the Agreement between MRM and the NT Government for the establishment of the Trust, the following tables provide details in relation to MRM's financial and non-financial contributions for the financial year. The total contribution by MRM during 2017 was valued at \$1,3 million.

MRM Financial and Non-Financial Contributions, 2018

Financial contribution	Description	Cost (\$)
Annual commitment	MRM's annual contribution to the Trust	\$1,288,101
Consulting fees for POs		\$200,000
Board travel costs	Flights and Accommodation costs	\$5,219
Non-financial contribution		
Project Officer	Operational, travel and accommodation costs incurred by project staff (not including the consulting value)	\$9,064

Meeting Support	Catering, transport and meeting costs incurred by Trust activities at MRM and in Borroloola	\$5,800
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Distributions

Although there were still a number of previously approved projects ongoing during the reporting period, there were also significant number of new projects approved in 2017-18. A summary of the distributions made to grant recipients during the year is provided in the following table.

Distribution of grant funding, 1 July 2017 - 30 June 2018

Financial Year approved	Program	Grant recipient	Focus area	2018 Distribution (ex GST)
2015	Breakfast Program	Borroloola School	Education	\$36,363.63
2015	Borroloola Cultural Events and Arts Engagement Officer	Artback NT	Arts and Culture	\$11,300
2015	Li-Ardubirri Playgroup	The Smith Family	Education	\$3,636.36
2016	Yanuwa Encyclopaedic Dictionary	Mabunji Aboriginal Corporation	Culture and Arts	\$45,454.55
2017	Indi Kindi	Nangala Project	Education	\$81,818.18
2017	Remote Arts and Culture Program	Artback NT	Culture and Arts	\$45,454.55
2017	JMF Scholarship program	Nangala Project	Education	\$120,000
2017	John Moriarty Football Program	Nangala Project	Health	\$180,000
2017	Borroloola School	Bangarra Dance Workshop	Culture and Arts	\$15,500
2017	Borroloola School	Growing Our Culture	Culture and Arts	\$4,400
2017	Borroloola School	Trade Training Essentials	Education	\$20,000
2017	Cancer Council NT	Cancer Awareness Out Bush	Health	\$3,270
2017	Mabunji Aboriginal Corporation	Portable Lift Chair	Health	\$13,636.36
2017	Borroloola Amateur Rodeo Club	Upgrade Cattle Yards	Social and Community	\$55,000
2017	Roper Gulf Regional Council	Borroloola and Robinson River	Social and Community	\$18,181.82

		Animal Health Program		
2017	Roper Gulf Regional Council	Borroloola Community Equipment and Facility Upgrade	Social and Community	\$300,000
2017	Mungoorbada Aboriginal Corporation	Sport and Recreational Vehicle & Trailer	Social and Community	\$81,818.18
2017	Mungoorbada Aboriginal Corporation	Robinson River Creche Shade and Fencing	Social and Community	\$145,454.55
2017	Mungoorbada Aboriginal Corporation	Robinson River Fuel System Upgrade	Social and Community	\$76,897
Total				\$1,258,185.18

5. Impact on the Community

Key Performance Measures

Key performance measures were established under the 2013 Annual Plan to assess performance against commitments and priorities.

Area	Measures	Status
Governance	Compliance obligations met for MRM investment	✓
	Obligations for reporting met	✓
	Obligations for consultation met	✓
Investment	Percentage of available funds committed (ie MRM annual contribution) to grant programs >85%	✓
	Percentage of funding spent on administration costs <5%	✓
	Spread of grant funding across the region	✓
	Performance against priorities and needs	✓
Project outcomes	Outcomes of grant investments based on project reports	✓

Legend:

- ✓ Delivered
- X Not progressed
- Work continuing

Action Against Priorities

The *Strategic Plan Priorities, 2016-2019* set out preferences arising from both community consultation and the Board's strategic workshop held in June 2016. In addition, the Trust Agreement sets out commitments for the life of the Trust.

Both sets of priorities are summarised in the following table along with a brief commentary on the status of action taken during 2018. Overall, it demonstrates that the Trust is continuing to act in line with the preferred needs of the community and its overarching objectives.

Focus areas and Commitments	Priorities	Status	Action taken
Education	<ul style="list-style-type: none"> - Improved literacy - Teaching of traditional languages and cultural respect - Enabling greater school attendance - Promote individual educational bursaries 	→	<ul style="list-style-type: none"> - Presentation to the Board by the new Principal of Borroloola School to discuss literacy and numeracy objectives and inform project planning - Continued liaison with Mabunji regarding the Keeping and Sharing Place which was intended to be a venue for cultural education - 3 grant programs to support school attendance with transport and nutrition - Continuation of the Breakfast programs at both Borroloola and Kiana - 5 scholarships awarded
Enterprise and job creation	<ul style="list-style-type: none"> - Undertake a local jobs mapping exercise to link school pathways to real work - Establish new small businesses: repairs and maintenance, tourism 	→	<ul style="list-style-type: none"> - Approval of the submission from Borroloola School for trade training facilities and alignment to local jobs. - Ongoing investigation into opportunities to open up facilities/ infrastructure to assist small businesses to open up in the community.
Arts and culture	<ul style="list-style-type: none"> - Develop a cultural centre in Borroloola as part of a tourism strategy 	→	<ul style="list-style-type: none"> - The extension of a grant program supporting the identification of cultural assets and preserving language, stories and dance - Previous investments in the proposed Keeping and Sharing Place to be considered with new knowledge as part of a tourism strategy in 2018
Social and community development	<ul style="list-style-type: none"> - Establish local Indigenous Housing Company - Family support programs - Men's Group support: programs such as prison rehabilitation, counselling on country - Out of school hours program for youth 	<ul style="list-style-type: none"> → ✓ ✓ ✓ 	<ul style="list-style-type: none"> - NT Government commitment to local housing development announced during 2017 with work scheduled to commence in 2018 - Family support programs offered in association with Indi Kindi and The Smith Family playgroups as well as Wanula Creche - Limmen National Park and Robinson River historical project will inform future programs to deliver counselling and men's health programs on country. - Support towards the John Moriarty Foundation and their after-school soccer program.

	- Young Leaders Program	X	
Health	<ul style="list-style-type: none"> - Mental health facilities and counsellors - Train, develop and employ Aboriginal Health Workers - Capacity development for self-administered dialysis treatment - Chronic disease management initiatives 	→	<ul style="list-style-type: none"> - Major study commissioned with Menzies Health to investigate priorities and recommend strategies for addressing health issues within the community including those identified previously as priorities. The final report from this study will inform future planning for health funding and is expected to be received in 2018.
Environment	- Improved regional coordination	✓	<ul style="list-style-type: none"> - Two-year program in partnership with NT Parks and Wildlife Commission will inform future planning for regional coordination of an eco-tourism strategy and support new initiatives in relation to caring for country - Major program to support the Yanyuwa Indigenous Protected Area including a business plan identifying various resources available to support further investment was completed in 2017. - No environmental programs were undertaken in 2017-18, as a result of no submissions in this category.
MRM target of 20% workforce participation		✓	<ul style="list-style-type: none"> - MRM has not submitted a funding proposal to request Trust support for Indigenous employment programs at the mine. - Importantly however, previous programs supported by the Trust have helped generate a culture, awareness, capability and interest in employment at MRM - As at 30 June 2017, 16.7% of MRM's permanent workforce identified as Indigenous.
One new local business per annum to supply a product or service to the mine	Ongoing priority to provide support for the business planning and establishment of a new business to be identified based on mine procurement needs.	→	<ul style="list-style-type: none"> - Continuing discussions with the Gurdanji people regarding a potential Ranger Group as a business to provide cultural heritage services to MRM - Other opportunities identified in the Draft EIS Overburden Management Project and subject to further planning by MRM with the community

Legend:

- ✓ Delivered
- X Not progressed
- Work continuing

Appendix 1: Grant Reports

Grant Recipient	Nangala Project
Program	John Moriarty Football
Grant duration	2013 - 2018

JM Football has been delivered in Borroloola for the past 3 years and with the support of the Trust and other funding contributors. The program is aimed at engaging Indigenous youth aged between 6 and 16 years in a sporting program which can be a vehicle for change. Gains in education, healthier lifestyles and participation in sport can be made through this program allowing children to aspire to a brighter future. The program aims to provide opportunity to children displaying talent which could lead them on an alternative pathway.

The program has established partnerships with the Robinson River School, Roper Gulf Shire Sports and Recreation, Football Federation of Australia and Professional Footballers Australia.

As at January 2016 there were 197 children enrolled in the program across Borroloola and Robinson River. They participate in:

- After school football training and games in Borroloola
- In school programs at Robinson River
- Tournaments twice a term in Borroloola
- Multi-sport school holiday programs.

Of these, 25 players participate in the Advanced Group identified to train more frequently based on a higher intensity of the FFA curriculum and are eligible for selection in FFNT and NT Schools representative teams.



During the year, there were concerns raised by the Borroloola School about how children are selected to participate in JM Soccer. The concerns are in potentially rewarding children who are not good attenders at school or have behavioural issues while penalising others whose behaviour and non-attendance may be caused through underlying issues and not the will of the child.

The program employs 2 local staff as coaches and has trained 8 senior school students and 30 high school students in the FFA Grassroots Training Certificate.



Grant Recipient	Roper Gulf Shire Council
Program	Borrooloola Pool Maintenance
Grant duration	2014 - 2016

Concluding in 2016, a three-year grant provided Roper Gulf Shire Council with the financial resources to cover the cost of consumables and utilities (power and water) for the more than 15,000 swimmers welcomed each year through the pool gates.

This supports the operation of the Borrooloola Swimming Pool Complex as it develops its sustainability as a business enterprise, providing employment and health objectives within the community.

In 2017, a further grant of \$60,000 was approved for the installation of new pool cleaners, shade structure and artificial turf and to purchase play equipment.



Grant Recipient	Borroloola School Council
Program	Breakfast Program
Grant duration	2015 - 2018

The Trust has supported the School Breakfast Program in Borroloola since 2012. Children who are not hungry focus better and absorb more information when placed in a learning environment. While the program certainly addresses nutritional objectives, the longevity of the two staff employed in the program has also enabled relationships to be developed as that team members can observe behaviour, note absences and follow up families to encourage school attendance where necessary.



In the 2017 financial year, attendance ranged from 70 to 100 students and 15 to 20 adults daily. The peak day was in Term 2 when 112 students attended the breakfast program out of a total of 184 students who attended school that day.

This has achieved significant growth compared to the early years of the program. For example, in 2013, it was reported that an average of 50 students and 6 adults attended daily.

The Breakfast Club has become a hub for the school first thing in the morning with children gathered around laughing and enjoying breakfast and showing good behaviour and manners.

The program runs from 7.00am - 8.30am daily during the school week. The breakfast includes cereals, toasts, fresh fruit, cheese and hot egg muffins or scrambled eggs. Beef and chicken stews are also offered in the cooler months. In Term 2, an emergency lunch program was also supported for children with no food. This was carefully monitored and followed up by staff and was considered a successful trial which guaranteed children had something to eat.

Working with local suppliers to provide meat, fruit and vegetables ensures the Trust funding is spent within the local community where possible.

Grant Recipient	Gulf Group Schools
Program	Kiana School Breakfast Program
Grant duration	2015 - 2018

The Kiana School supports a small community of six houses which accommodate the employees of Kiana Pastoral Station and their families. The program offered at this school is similar to the one in Borroloola in that it helps ensure students start the day with a healthy breakfast and are ready to learn.

During 2017, the school reported an attendance rate of 50.5% amongst the 12 students enrolled. They receive breakfast daily of cereal or porridge in winter. They also participate in Friday lunch which is prepared and eaten by the students and can include Asian stir fry, fried rice, pasta, pizza, chicken drumsticks, pancakes or toasties. Student birthdays are celebrated with a cake sometimes also cooked by the children.



In addition to the Breakfast program, the grant also supports the school garden which generates fresh produce used in meal preparation. This was expanded during the year with the addition of fruit trees - mandarin, orange and mulberry (pictured below).



At the end of each semester a community barbeque for families and Kiana Pastoral Station workers is held providing an opportunity to share a meal. Students receive their school reports at the event which is followed by a disco. All food is prepared with fresh produce from the school's garden including lettuce, herbs, chillies and eggplant.

The key challenge for the school is its sustainability. Each of the local families has an average of three school aged children. If a family leaves the community, a large percentage of the school's students leaves too.

Grant Recipient	Artback NT
Program	Arts Development and Touring
Grant duration	2015 - 2018

The sixth annual Malandari Festival was held in 2018, building on the success of this traditional dance event for which 95% of the programming is managed locally in Borroloola. The Trust supported the establishment of this event through an initial grant in 2013 which brought the Indigenous Traditional Dance Project to Borroloola.

The Trust is continuing to support the initiative through a grant which enables:

- Development of the event program for 2017 and 2018
- Employment of one part time local Remote Arts and Culture Program Coordinator and administrative support as required
- Development of cultural and artistic content to be showcased at the festival through workshops and new works commissions
- Mentoring support and capacity building for local community members to deliver arts based programs.



The aims are to:

- Show how culture can be maintained through professional performing arts opportunities
- Develop sustainable business strategies for cultural tourism
- Preserve culture through dance and through learning opportunities between elders and youth.



Chooky Dancers perform as the headlining act. Photo by Wayne Quilliam



Photo of Borroloola children dancers and family by Wayne Quilliam.

Grant Recipient	The Smith Family
Program	Li-Ardubirri Playgroup
Grant duration	2015 - 2018

The Smith Family conducts a mobile playgroup which visits the town camps in Borrooloola and offers learning programs for babies to 4-year olds. The playgroup policy is that no child can attend without a responsible adult which ensures parents and carers are also supported.

In early 2017, damage to each of the playgrounds at the town camps caused by Cyclone Alfred meant that playgroup programs were rescheduled to a safe, shaded location provided by Mabunji. Extended sorry business within the community also affected family participation.

As a result, regular playgroup activities commenced in May 2017 so the numbers participating were impacted in the first half of the calendar year. While 64 children and 57 parents/carers participated in the playgroups in multiple visits during the first half of the year, these numbers rose to 139 children and 55 parents in the second half of the year. In comparison, 263 children and 153 parents regularly participated in playgroups during the 2016 calendar year.

The benefit of the Mabunji facility however, was that playgroup hours were increased from 4 to 5 hours daily creating benefits for working parents as well as playgroup carers. Feedback received from staff indicated the additional hour provides a financial incentive to be employed at the playgroup rather than receive government benefits.

The Smith Family also continued to offer a Certificate III in Early Childhood Education and Care through Batchelor Institute in Borrooloola. Training was provided for 21 local staff of the three early childhood organisations in Borrooloola: Li-Ardubirri Playgroup, Indi Kindi and Wanula Creche. This allowed a larger group of local women all studying the same course to come together regularly, support and learn from each other and progress. Batchelor Institute provided a visiting lecturer on a monthly basis and also employs a local tutor (the Li-Ardubirri Playgroup Coordinator) to support the students.

The original intent was that students would complete this course in 2 years - the standard for students with well developed literacy in the English language. However, literacy difficulties and work demands have led The Smith Family to revise planning and plan for a 3 year completion period instead.

The playgroup has the support of the Borrooloola School, preschool and other government and support agencies in the community. During the year, other activities facilitated by the playgroup in conjunction with other partners were:

- A 'Learn to Swim' program introduced at the Borrooloola Community Pool in conjunction with the Roper Gulf Shire Sport and Recreation team. This successful program required playgroup staff to obtain additional qualifications in First Aid and Lifesaving.
- Partnering with the Roper Gulf Shire during school holiday breaks to provide vacation care for older and young children
- "Turtle Day" attended by babies, toddlers, preschool and Year 1 and 2 students from Borrooloola School at the river bank

- Activities with families in the lead up to the Malandari Festival, a dance festival within the community
- “Celebrate Kids”, an annual community event focussed on early childhood.

Grant Recipient	MAWA
Program	Robinson River Historical Project
Grant duration	2016 - 2018

This project aims to collate ancestral knowledge and history passed onto the current Garrawa community to utilise for sharing of knowledge and history and potential tourism interest. It has involved:

- Collation and editing of digital material
- Consultation with the Robinson River community.

The project will be completed in 2018.

Grant Recipient	Borrooloola School Council
Program	Shade Structure
Grant duration	2016

A shade structure was constructed in late 2016 adjacent to an existing undercover structure used for sports and school assemblies. The structure provides shade to a new playground area and also provides overflow facility for large school gatherings.

APPENDIX 2. SPECIAL PURPOSE FINANCIAL REPORT

**MCARTHUR RIVER MINE COMMUNITY
BENEFITS TRUST**

ABN 32 726 745 226

**SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

**MCARTHUR RIVER MINE COMMUNITY BENEFITS TRUST
ABN 32 726 745 226**

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MCARTHUR RIVER MINE COMMUNITY BENEFITS TRUST
ABN 32 726 745 226

DIRECTORS' DECLARATION OF THE TRUSTEE COMPANY

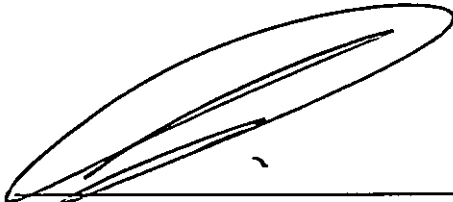
As detailed in note 3 to the financial statements, the trust is a non-reporting entity because in the opinion of the trustee there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These financial statements are therefore special purpose financial statements that have been prepared in order to satisfy the trustee's reporting requirements.

The directors of the trustee company declare that:

1. the financial statements and notes as set out on pages 6 to 15 presents fairly the trust's financial position as at 30 June 2018 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. in the directors' opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of the trustee company, McArthur River Mine Community Benefits Limited.

Director



Director



Dated:

28/11/2018

Independent Audit Report to the Unit Holders of McArthur River Mine Community Benefits Trust

Opinion

I have audited the financial report, being a special purpose financial report of McArthur River Mine Community Benefits Trust (the Trust), which comprises the statement of financial position as at 30 June 2018, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and directors' declaration of the trustee company.

In my opinion, the accompanying financial report presents fairly, in all material respects, the Trust's financial position, financial performance and cash flows for the year then ended in accordance with the accounting policies described in Note 3 to the financial statements.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Trust in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

I draw attention to Note 3 of the financial statements, which describes the basis of accounting. The financial report is prepared to assist the Trust in fulfilling the financial reporting requirements of the Trust Deed. As a result, the financial report may not be suitable for another purpose. My report is intended solely for the Trust and should not be distributed to or used by parties other than the McArthur River Mine Community Benefits Trust, the trustee and unit holders. My opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance

The Trustee of the Trust is responsible for the preparation and fair presentation of the financial report in accordance with financial reporting requirements of the Trust Deed, and for such internal control as the Trustee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trustee is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the trustee company either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of my auditor's report.

A handwritten signature in black ink, appearing to read 'AD', enclosed within a large, loopy oval shape.

Adam Dohnt (FCA)
Registered Company Auditor
Darwin

Date: 12 December 2018

MCARTHUR RIVER MINE COMMUNITY BENEFITS TRUST
ABN 32 726 745 226

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
Continuing operations			
Revenue	5	5,485,169	2,486,268
Investment income	6	70,719	91,992
Funding expenditure	7	(2,212,854)	(875,407)
Other expenses		<u>(41,742)</u>	<u>(50,443)</u>
Surplus for the year		3,301,292	1,652,410
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>3,301,292</u></u>	<u><u>1,652,410</u></u>

The accompanying notes form part of these financial statements.

MCARTHUR RIVER MINE COMMUNITY BENEFITS TRUST
ABN 32 726 745 226

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018	2017
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and bank balances	8	8,675,266	8,338,366
Trade and other receivables	9	5,574	39,832
TOTAL CURRENT ASSETS		<u>8,680,840</u>	<u>8,378,198</u>
TOTAL ASSETS		<u>8,680,840</u>	<u>8,378,198</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	5,000	6,180
Income received in advance	11	-	4,186,411
Unexpended committed funds	12	1,720,013	531,072
TOTAL CURRENT LIABILITIES		<u>1,725,013</u>	<u>4,723,663</u>
TOTAL LIABILITIES		<u>1,725,013</u>	<u>4,723,663</u>
NET ASSETS		<u>6,955,827</u>	<u>3,654,535</u>
EQUITY			
Settled sum		100	100
Accumulated surplus	13	6,955,727	3,654,435
TOTAL EQUITY		<u>6,955,827</u>	<u>3,654,535</u>

The accompanying notes form part of these financial statements.

MCARTHUR RIVER MINE COMMUNITY BENEFITS TRUST
ABN 32 726 745 226

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2018

	Settled sum \$	Accumulated surplus \$	Total \$
Balance at 1 July 2016	100	2,002,025	2,002,125
Surplus for the year	-	1,652,410	1,652,410
Balance at 30 June 2017	100	3,654,435	3,654,535
Balance at 1 July 2017	100	3,654,435	3,654,535
Surplus for the year	-	3,301,292	3,301,292
Balance at 30 June 2018	100	6,955,727	6,955,827

The accompanying notes form part of these financial statements.

MCARTHUR RIVER MINE COMMUNITY BENEFITS TRUST
ABN 32 726 745 226

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Funding from McArthur River Mine Limited		1,288,101	2,486,268
Payments to grant recipients		(1,126,303)	(2,118,680)
Payments to suppliers		(41,335)	(58,180)
Refunds of GST paid (i)		127,079	192,607
Net cash from operating activities		<u>247,542</u>	<u>502,015</u>
Cash flows from investing activities			
Investment income received		<u>89,358</u>	<u>107,743</u>
Net cash generated by investing activities		<u>89,358</u>	<u>107,743</u>
Net increase in cash and cash equivalents		336,900	609,758
Cash and cash equivalents at beginning of year		<u>8,338,366</u>	<u>7,728,608</u>
Cash and cash equivalents at end of year	8	<u>8,675,266</u>	<u>8,338,366</u>

(i) The funding received from McArthur River Mine Limited is GST free income whereas the payments made to grant recipients are GST inclusive. This results in a net GST refundable position that has been disclosed as 'Refunds of GST paid', which represents a cash inflow from the Australian Taxation Office.

The accompanying notes form part of these financial statements.

MCARTHUR RIVER MINE COMMUNITY BENEFITS TRUST
ABN 32 726 745 226

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Notes to the financial statements

1 General information

The McArthur River Mine Community Benefits Trust is a trust domiciled in Australia. The trustee is the McArthur River Mine Community Benefits Limited, a public company limited by guarantee.

The McArthur River Mine Community Benefits Trust (The Trust) was established in 2007 under an agreement between McArthur River Mine (MRM) and the Northern Territory Government for the full life of the mine. The Trust's principal activities is the social and economic development of the local Aboriginal people and Traditional owners of the Gulf region. This is done through various initiatives in the areas of enterprise and job creation, environment, arts, culture, health, education, social and community development.

2 Application of new and revised accounting standards

2.1 Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Trust has applied all of the amendments to AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2017, and therefore relevant for the current year end.

AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

Amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and noncash changes.

AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities

The standard amends the application date of AASB 15 for not-for-profit entities to annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018 and add Australian implementation guidance for not-for-profit entities to AASB 9 Financial Instruments and AASB 15.

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

The reported results and position of the Trust as well as disclosures may change on adoption of these pronouncements. The Trust does not intend to adopt the pronouncements before their effective dates.

**MCARTHUR RIVER MINE COMMUNITY BENEFITS TRUST
ABN 32 726 745 226**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

2.2 Standards and Interpretations in issue not yet adopted (continued)

<u>Standard</u>	<u>Effective for annual reporting periods beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2014-1 Amendments to Australian Accounting Standards (Part E – Financial Instruments), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15, and AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2019	30 June 2020
AASB 1058 Income of Not-for-Profit Entities, AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 January 2019	30 June 2020

3 Significant accounting policies

3.1 Financial Reporting Framework

The Directors of the trustee of the trust have prepared the financial statements of McArthur River Mine Community Benefits Trust (the Trust) on the basis that the trust is a non-reporting entity because in the opinion of the trustee there are unlikely to exist users of the financial statements who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These financial statements are therefore special purpose financial statements that have been prepared in order to satisfy the trustee's reporting requirements.

For the purposes of preparing the financial statements, the Trust is a not-for-profit entity.

3.2 Statement of compliance

The financial statements have been prepared in accordance with the Trust deed, the recognition and measurement requirements specified by all Accounting Standards and Interpretations (except for AASB 137 "Provisions, Contingent Liabilities and Contingent Liabilities" and "AASB 13 Fair Value Measurement") and the disclosure requirements of Accounting Standards AASB 101 "Presentation of Financial Statements", AASB 107 "Statement of Cash Flows", AASB 108 "Accounting Policies, Changes in Accounting Estimates and Errors" and AASB 1054 "Australian Additional Disclosures".

MCARTHUR RIVER MINE COMMUNITY BENEFITS TRUST
ABN 32 726 745 226

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

3 Significant accounting policies (continued)

3.3 Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The principal accounting policies are set out below.

(a) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable.

Grants, Donations and Other Contributions

A contribution occurs when the Trust receives an asset, including the right to receive cash or other forms of asset without directly giving approximately equal value to the other party to the transfer; that is, when there is a non-reciprocal transfer. Contributions would include donations and government grants. Contributions that are income exclude contributions by owners.

Income from contributions is recognised when all the following conditions are satisfied:

- a) The Trust obtains control of the contribution or right to receive the contribution;
- b) The amount of the contribution can be measured reliably; and
- c) It is probable that the future economic benefits comprising the contribution will flow to the Trust.

Income arising from contributions is measured at the fair value of the contributions received or receivable.

For forgiveness of liabilities, the gross amount of a liability forgiven by a credit provider is recognised by the Trust as income.

Interest revenue

Interest revenue from a financial asset is recognised when it is probable that the economic benefits will flow to the Trust and the amount of revenue can be measured reliably. Interest income is accrued on a time basis.

(b) Income tax

No provision for income tax has been made in the financial statements as the Trust is exempt from tax under the provisions of the Income Tax Assessment Act 1997 Subdivision 50-B. This situation will continue so long as the funds of the trust are being applied for the purpose for which it was established.

MCARTHUR RIVER MINE COMMUNITY BENEFITS TRUST
ABN 32 726 745 226

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

3 Significant accounting policies (continued)

(c) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(d) Income received in advance

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within twelve (12) months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds twelve (12) months after the reporting date or the conditions will only be satisfied more than twelve (12) months after the reporting date, the liability is discounted and presented as non-current.

(e) Unexpended committed funds

Grant expenses are recognised to the extent that for executed grant agreements, (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Trust enters into an agreement to make these grants but services have not been performed or criteria satisfied.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

MCARTHUR RIVER MINE COMMUNITY BENEFITS TRUST
ABN 32 726 745 226

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
5. REVENUE		
Funding income		
Funding received	1,288,101	2,486,268
Grant income	4,197,068	-
	<u>5,485,169</u>	<u>2,486,268</u>
6. INVESTMENT INCOME		
Interest income	70,719	91,992
	<u>70,719</u>	<u>91,992</u>
7. FUNDING EXPENSE		
Grants approved during the year	2,392,854	977,862
Grants rescinded during the year	(180,000)	(102,455)
Total funding expense	<u>2,212,854</u>	<u>875,407</u>
8. CASH AND CASH EQUIVALENTS		
For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, cash in term deposits and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:		
	2018	2017
	\$	\$
Cash in bank	8,258,500	5,433,568
Cash in term deposits	416,766	2,904,798
	<u>8,675,266</u>	<u>8,338,366</u>
9. TRADE AND OTHER RECEIVABLES		
CURRENT		
Good and services tax	5,403	31,678
Accrued interest	171	8,154
	<u>5,574</u>	<u>39,832</u>
10. TRADE AND OTHER PAYABLES		
Current		
Accrued expenses	5,000	6,180
	<u>5,000</u>	<u>6,180</u>

MCARTHUR RIVER MINE COMMUNITY BENEFITS TRUST
ABN 32 726 745 226

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
11. INCOME RECEIVED IN ADVANCE		
Current		
Opening balance	4,186,411	4,162,506
Income recognised in the year	(4,197,068)	-
Interest allocated	10,657	23,905
Ending balance (i)	<u>-</u>	<u>4,186,411</u>

(i) This income originally related to the development of a multi-purpose community centre in Borroloola in collaboration with the Trust, the Northern Territory Government and community organisations. After 4 years of various consultations and business planning it was determined that the centre would not be financially viable on its own. The purpose of this funding has changed and it will now be utilised to upgrade existing infrastructure in the community for training and employment. A board decision was made to recognise this as income for infrastructure funding in the current year.

	2018	2017
	\$	\$
12. UNEXPENDED COMMITTED FUNDS		
Funding categories		
Cultural & Art	324,008	267,317
Health	2,679	180,000
Education & Job Creation	32,455	63,755
Social & Community Development	1,360,871	20,000
Total unexpended committed funds	<u>1,720,013</u>	<u>531,072</u>

13. ACCUMULATED SURPLUS		
Balance at beginning of year	3,654,435	2,002,025
Surplus attributable to the beneficiaries of the Trust	3,301,292	1,652,410
Balance at end of year	<u>6,955,727</u>	<u>3,654,435</u>

14. AUDITOR'S REMUNERATION		
Audit of the financial statements	4,000	6,180
	<u>4,000</u>	<u>6,180</u>

The auditor of McArthur River Mine Community Benefits Trust for the current year is TDH Chartered Accountants. The auditor for the year ended 30 June 2017 was Ernst & Young.

15. CONTINGENT ASSETS AND LIABILITIES
There are no contingent liabilities and contingent assets as at 30 June 2018.

16. EVENTS AFTER THE REPORTING PERIOD
In the interval between the end of the financial year and the date of this report, there has been no events of a material or unusual nature that have been determined to be significant for information purposes of the users.

MCARTHUR RIVER MINE COMMUNITY BENEFITS LIMITED

ACN 126 542 701

GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

MCARTHUR RIVER MINE COMMUNITY BENEFITS LIMITED
ACN 126 542 701

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**MCARTHUR RIVER MINE COMMUNITY BENEFITS LIMITED
ACN 126 542 701**

**DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

DIRECTORS

The names of the Company's directors in office at the date of this report are:

Stan Allen
Gregory Charles Ashe
Alan Ian Baker
Samuel Evans
David James Harvey
Paul Raymond Henderson
Tony Jack
Jake Quinlivan
Michael Anthony Reed

PRINCIPAL ACTIVITIES

The principal activity of the Company was to act as Trustee of the McArthur River Mine Community Benefits Trust. There have been no significant changes in the nature of this activity during the year.

REVIEW AND RESULTS OF OPERATIONS

The company has no results for the year, as it did not trade in its own right. Accordingly, no dividends have been paid or declared by the Company during the year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of the Company's affairs during the financial year.

SIGNIFICANT EVENTS AFTER BALANCE DATE

There have been no significant events with respect to the Company's operations after balance date.

FUTURE DEVELOPMENTS AND RESULTS

The Company expects no change in its function as Corporate Trustee of the McArthur River Mine Community Benefits Trust.

ENVIRONMENTAL AND PERFORMANCE REGULATIONS

The Company is not subject to any particular or significant environmental regulation.

SHARE OPTIONS

No options for shares in the Company have been issued during the financial year and no options remain unexercised.

MCARTHUR RIVER MINE COMMUNITY BENEFITS LIMITED

ACN 126 542 701

DIRECTORS REPORT

FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

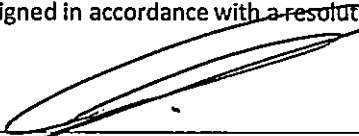
INDEMNIFICATION AND INSURANCE OF DIRECTORS

There are no indemnification or insurance arrangements in place.

AUDITORS INDEPENDENCE DECLARATION

The directors received a declaration from the Company's auditor TDH Chartered Accountants. It is included at the end of the financial statements.

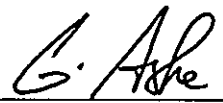
Signed in accordance with a resolution of the Directors.



Director

Jake Quintivan
Name

28/11/2018
Date



Director

GREGORY CHARLES ASIAS
Name

03-DEC-18
Date

MCARTHUR RIVER MINE COMMUNITY BENEFITS LIMITED
ACN 126 542 701

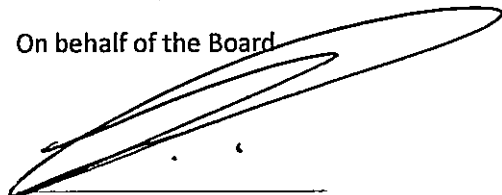
DIRECTORS DECLARATION
FOR THE YEAR ENDED 30 JUNE 2018

In accordance with a resolution of the directors of McArthur River Mind Community Benefits Limited, I state that:

In the opinion of the directors:

- a) The financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - i. Giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
 - ii. Complying with Accounting Standards and Corporations Regulations.
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

On behalf of the Board



Director

Northern Territory

Date:

28/11/2018



DIRECTOR

03-DEC-18

Independent Audit Report to the members of McArthur River Mine Community Benefits Limited

Opinion

I have audited the financial report of McArthur River Mine Community Benefits Limited (the Company), which comprises the balance sheet as at 30 June 2018, the statement of comprehensive income and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In my opinion, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Company in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors at the time of this auditor's report.

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

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Adam Dohnt (FCA)

Registered Company Auditor

Darwin

Dated: 12 December 2018

MCARTHUR RIVER MINE COMMUNITY BENEFITS LIMITED
ACN 126 542 701

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
Revenue		-	-
Profit before Income Tax Expenses		-	-
Income Tax Expense		-	-
Comprehensive Income	3	-	-

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

MCARTHUR RIVER MINE COMMUNITY BENEFITS LIMITED

ACN 126 542 701

BALANCE SHEET

AS AT 30 JUNE 2018

	Notes	2018 \$	2017 \$
Current Assets			
Cash Assets		-	-
Total Current Assets and Total Assets		-	-
Net Assets		-	-
Equity			
Issued Capital	5	-	-
Total Equity		-	-

The balance sheet is to be read in conjunction with the notes to the financial statements.

MCARTHUR RIVER MINE COMMUNITY BENEFITS LIMITED
ACN 126 542 701

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2018

	Notes	Issued Capital \$	Retained Profit \$	Total Equity \$
As at 1 July 2016	5	-	-	-
Profit for the year		-	-	-
Issue of shares		-	-	-
As at 30 June 2017		-	-	-
As at 1 July 2017	5	-	-	-
Profit for the year		-	-	-
Issue of shares		-	-	-
As at 30 June 2018		-	-	-

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

Note 1 – Corporate Information

The financial report of McArthur River Mine Community Benefits Limited (the Company) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 28 November 2018.

The Company is an unlisted public company limited by guarantee and was incorporated in Australia.

The nature of the operations and principal activities of the Company was to act as Trustee of the McArthur River Mine Community Benefits Trust (the Trust).

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standard's board.

The financial report has been prepared using the accrual basis of accounting including the historical cost convention and the going concern assumption. The financial report is presented in Australian Dollars.

The financial report complies with Australian Accounting Standards as issued by the Accounting Standards board. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS).

Statement of Compliance

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have been adopted by the entity for the annual reporting year ending 30 June 2018. These standards do not impact the reported assets, liabilities, equity, revenue or expenses of the Company.

Statement of Cash Flows

The Company does not have a bank account and it did not make any transactions in its own right during the year and therefore a cash flow statement has not been provided. All line items, opening and closing cash balances would be \$Nil for all periods.

Financial Instruments

The Company's accounting policies, including terms and conditions of each class of financial asset and equity instrument are carried at nominal amounts and par values at balance date.

The Company does not trade in its own right and therefore has no exposure to interest rate risk or credit risk.

MCARTHUR RIVER MINE COMMUNITY BENEFITS LIMITED
ACN 126 542 701

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

Note 3 – Net Profit

All expenditure in administering the Company is transacted through the Trust. Accordingly there was no result for the financial year, no information concerning the Statement of Comprehensive Income items were required to be disclosed in accordance with the provisions of AASB 101.

Note 4 – Corporate Trustee

The Company acts solely as the Trustee of the Trust and would only incur liabilities in its capacity as Trustee.

Details of the liabilities and assets of the Trust as at 30 June 2018 are as follows. The amounts presented are extracted from the financial report of the Trust and prepared in accordance with the Trust's accounting policies.

	McArthur River Mine Community Benefits Trust	
	30 June 2018	30 June 2017
	\$	\$
Total Trust Liabilities	1,725,013	4,723,663
Right of Indemnity from trust assets	8,680,840	8,378,198
Excess in the right of indemnity from trust	6,955,827	3,654,535

Right of Indemnity

The assets of the Trust, which lie behind the right of indemnity, are not directly available to meet any liabilities of the Company acting in its own right.

The Company has a continuing right of indemnity for liabilities incurred by the Company on behalf of the Trust for which the Company acts as corporate trustee, provided it has not breached its obligations arising under the provisions of the Trust Deed.

The directors of the Company are not aware of any circumstances which have resulted in the Company breaching its obligations under the Trust Deed and accordingly believe the right of indemnity from the Trust's assets has not been terminated.

The excess in right of indemnity from the Trust has not been brought to account in the financial statements of the Company because the Director's believe the funds are required to continue to meet the needs of the Trust.

Note 5 – Share Capital

McArthur River Mine Community Benefits Limited is a company limited by guarantee and has no share capital. In the event of winding up members are liable to the amount of \$1.00 per member. The company has 6 guaranteeing members.

MCARTHUR RIVER MINE COMMUNITY BENEFITS LIMITED
ACN 126 542 701

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

Note 6 – Directors Remuneration

	30 June 2018	30 June 2017
	\$	\$
Income paid or payable, or made otherwise available in respect of the financial year to all Directors of McArthur River Mine Community Benefits Limited, directly or indirectly, from the Company or related party.	-	-

Note 7 – Related Party Disclosures

There were no related party transactions during the year.

Note 8 – Segment Information

The Company is the trustee of McArthur River Mine Community Benefits Trust with operations associated to providing community benefits regarding mining operations within the McArthur River region.

Note 9 – Auditors Remuneration

The auditor of McArthur River Mine Community Benefits Limited is TDH Chartered Accountants. The remuneration of the auditor is \$1,000 (2017:\$3,300) and is met by the Trust. No further payments were made to TDH Chartered Accountants (2017: Ernst & Young).

Auditor's Independence Declaration to the Directors of McArthur River Mine Community Benefits Limited

As auditor for the audit of McArthur River Mine Community Benefits Limited for the year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Adam Dohnt (FCA)

Registered Company Auditor

Dated: 12 December 2018