GOLD BILL KILLS PNG!

PAPUA NEW GUINEA CHAMBER OF RESOURCES & ENERGY

How does the National Gold Corporation bill affect Financial Arrangements and State Guarantees?

Once enacted, the National Gold Corporation (NGC) bill will compel the State to provide an unconditional guarantee to a foreign company and its subsidiaries, with minimal oversight or monitoring capability by state agencies.

The following are conditions proposed in the NGC bill that will have an impact on Financial Arrangements and State Guarantees:

a. The bill will require the government to provide an unconditional guarantee to the company and its subsidiaries. This entails the state assuming full responsibility for covering the operational costs in case of failure. Such reliance on the government poses a risk, as taxpayers would bear the burden of bailing out the company and its subsidiaries if they were to fail **(Sections 89, Section 90, and Section 91)**.

89. GUARANTEE BY TREASURER FOR THE STATE.

The Treasurer, in the name, and for and on behalf, of the State, unconditionally guarantees the payment of -

(a) the cash equivalent of gold due, payable or deliverable by the Company, the National Gold Bank, the National Mint, National Gold Marketing or the National Gold Authority; and

(b) all moneys due and payable by –

(i) the Company; and

(ii) the National Gold Bank; and

(iii) the National Mint, and

in respect to their respective gold purchase, refining, barring, minting and/or sale activities under this Act.

b. The bill will not strictly allow for dividends or payments to be made to Consolidated Revenue Fund of the State. These payments can be made to any entity at the discretion of the Director-State Equity (A state minister). This means that dividends obtained may not strictly be used to fund the National Budget every year but can be channeled or parked elsewhere at the decision of the Director-State Equity **(Section 80)**.

#DO NOT SUPPORT THIS BILL!

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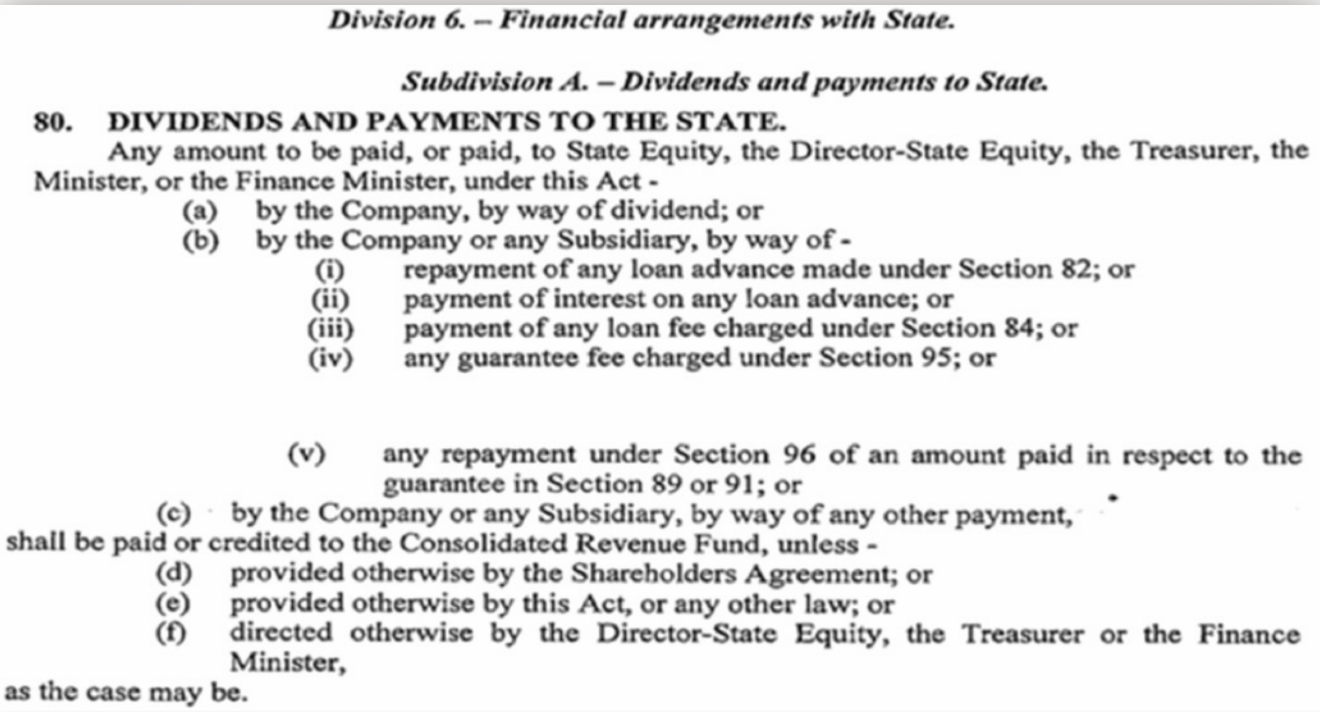
Division 6. – Financial arrangements with State.

Subdivision A. – Dividends and payments to State.

80. DIVIDENDS AND PAYMENTS TO THE STATE.

Any amount to be paid, or paid, to State Equity, the Director-State Equity, the Treasurer, the Minister, or the Finance Minister, under this Act -

(a) by the Company, by way of dividend; or
(b) by the Company or any Subsidiary, by way of -
    (i) repayment of any loan advance made under Section 82; or
    (ii) payment of interest on any loan advance; or
    (iii) payment of any loan fee charged under Section 84; or
    (iv) any guarantee fee charged under Section 95; or
    (v) any repayment under Section 96 of an amount paid in respect to the guarantee in Section 89 or 91; or
(c) by the Company or any Subsidiary, by way of any other payment,

shall be paid or credited to the Consolidated Revenue Fund, unless -

(d) provided otherwise by the Shareholders Agreement; or
(e) provided otherwise by this Act, or any other law; or
(f) directed otherwise by the Director-State Equity, the Treasurer or the Finance Minister,

as the case may be.

c. The dividends will not be immediately received by the government. From the agreement signed, a plan was already made dictating how and when the state will start to receive its share of payments from the 6th year of operation onwards. If the state wants to acquire more shares, it must comply with the rules set by the Investor (**Section 80, subsection D)**.

#DO NOT SUPPORT THIS BILL!