

GOLD BILL KILLS PNG!



How does the National Gold Corporation Bill affect existing and future PNG Mines?

The National Gold Corporation (NGC) Bill will change the way existing mines operate in Papua New Guinea.

Following are conditions proposed in the NGC bill that would affect function of existing and future mines;

Existing Mines

- a. Ownership rights of minerals granted to licensed operators under the Mining Act 1992 to sell gold and other precious metals freely will be removed (**Section 215 and 216**).

Subdivision C. – Exclusive gold refiner.

215. NATIONAL MINT IS EXCLUSIVE GOLD REFINER.

The National Mint is the exclusive refiner of all gold mined or recovered from land in Papua New Guinea.

216. GOLD REFINING IS MANDATORY.

(1) A person who, -

- (a) mines or recovers gold from land in Papua New Guinea; or
- (b) owns, possesses or has control of gold mined or recovered from land in Papua New Guinea,

shall refine that gold, whether in the form of gold amalgam, gold concentrate, gold doré bars or otherwise, other than value-added bullion, to the Minimum Fineness in or through the National Mint.

(2) A person who owns, possesses or has control of gold mined or recovered from land in Papua New Guinea which is of a fineness not less than the Minimum Fineness, and intends to refine that gold to a Higher Fineness, shall refine that gold to a Higher Fineness in or through the National Mint.

(3) Without limiting Subsection 213(4), this section applies subject to Section 218 and 219, and Subsection 221(2).

- b. Exclusive rights under the bill are given to the National Mint to be the only gold refiner of all gold mined or recovered from PNG. This will apply to alluvial mines as well (**Section 215, Section 216, and Section 217**).

- c. Existing mines will be forced to terminate existing contracts with other mint companies and prevent them from entering new contracts to refine gold (**Section 218**).

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- d. Other precious metals (e.g., silver) will also be affected because the bill covers them, thus industries or companies involved in these operations will also be affected (**Section 8**).
- e. National Gold Authority will have the right to access and seize properties and information from the licensed operators even when there is no offence committed (**Section 492**).

492. STOP NOTICE.

Where -

- (a) a notice is, or is proposed to be, issued under Section 491; and
- (b) the Director-National Gold Authority, acting reasonably, considers it is necessary for a relevant purpose,

the notice issued under Section 491 may include a direction that -

- (c) any mine or mining, conveyance, or any manufacturing, processing or industrial facility be stopped, in whole or part, temporarily or otherwise, from operating; and
- (d) gold or gold goods, or other property, being mined, conveyed, manufactured, processed or otherwise dealt with, as the case may be, be seized, held, quarantined or retained.

Future Mines

- a. The bill introduces uncertainty by potentially requiring all mining companies to terminate their current market agreements and sell their minerals to a single buyer, thus reducing PNG's attractiveness as an investment destination. New mines would not be allowed to go into new refining contracts. This could disrupt ongoing exploration activities in the industry, resulting in cancellations or delays. (**Sections 218 and Section 219**)

Subdivision E. – New refining contracts.

219. NEW REFINING CONTRACTS

- (2) No person shall, on or after the Effective Date, enter into a contract or arrangement for -
 - (a) the refining of gold to the Minimum Fineness or a Higher Fineness in or through a refinery other than the National Mint; or
 - (b) the export, or other taking, of gold from Papua New Guinea for the purpose of that gold being refined by any means and to any fineness in a foreign country, other than by or through the National Mint; or
 - (c) the disposal of gold on terms which contravene, or have the purpose or effect of avoiding the application or operation of, this Division.
- (3) Subsection (1) does not apply to an exempt new refining contract -
 - (a) for the authorised exemption period; and
 - (b) subject to any authorised terms and conditions,for any exempt new refining contract.

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