

GOLD BILL KILLS PNG!



PNG CORE Mining Jurisdiction Overview

PNG CORE Key Mine Facts

- There are 3 main ways Governments are able to participate in a mining project.
- In general, if a Government mandates a high percentage in one category, other categories are usually lower or companies are provided with ways to offset payments (VAT refunds on equipment imports during construction, tax shields, etc).
 - **This incentivizes companies to invest in the country.**
- Taxes
 - Corporate taxes tend to be in the 25-30% range.
 - **In jurisdictions with higher tax rates, companies are usually given deductions and tax shields to offset the higher tax rates.**
 - Example: In Namibia's case with a tax rate of 37.5% on net profit, companies and projects are offered attractive deductibility and depreciation allowances to offset the higher corporate tax rate (pre-production and sustaining capital depreciated, pre-production exploration and development carried forward and are tax deductible, etc).
- Royalties
 - Majority of royalties rates fall within the 2-5% range.
- Ownership
 - Ownership arrangements can vary per region; most jurisdictions do not have free carry.
 - For countries that do have free carry, it is usually ~30% of the project. Higher percentages are only reserved for when the State/Government provides funding (corporate tax may be lower as well).
 - Example 1: In Latin America, the State/Government usually own the mineral resources and rights and grant concessions and permits to companies to explore or extract the various resources.
 - Example 2: In Mongolia, the tax rate is only 10-20% but the Government has free carry of up to 34%. This can go up to 50% **if they provide funding.**
 - Example 3: In Mali, Government has the right to a 10% ownership with the option to **buy** an additional 20% within the first 2 years of production.

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Country	Taxes	Royalty	Ownership
Mexico	<ul style="list-style-type: none"> • Corporate Income Tax: 30% • Dividend Withholding Tax: 20% 	<ul style="list-style-type: none"> • Royalties: 0.5-7.5% - 7.5% on income from mineral sales minus authorized deduction on annual basis. - 0.5% of income. 	<ul style="list-style-type: none"> • Mining rights in Mexico are obtained through concessions granted by the government, conferring exclusive exploration and exploitation privileges over designated areas, subject to regulatory compliance. • If a concession is awarded for land inhabited or occupied by indigenous communities, the concessionaire must pay a minimum consideration of 5% of the fiscal result. • <u>No free carried or carried interest.</u>
Argentina	<ul style="list-style-type: none"> • Corporate Income Tax: 25-35% • Export Tax: 8% • Dividend Withholding Tax: 7% 	<ul style="list-style-type: none"> • Royalties: 3% - 3% of mine head value of the extracted mineral – includes ores mined, hauled and/or stockpiles prior to processing. 	<ul style="list-style-type: none"> • Mineral rights in Argentina are typically owned by the government, which grants concessions or permits for exploration and mining activities through the National Mining Authority. • <u>No free carried or carried interest.</u>
Ecuador	<ul style="list-style-type: none"> • Corporate Income Tax: 25% • Dividend Withholding Tax: 25% 	<ul style="list-style-type: none"> • Royalties: 3-8% of sales. 	<ul style="list-style-type: none"> • Pursuant to the Ecuadorian Constitution all mineral and nonrenewable resources are owned by the Ecuadorian State, which has the constitutional right to delegate exploration for, and extraction of, non-renewable resources, to third parties through the granting of mineral concessions. • <u>No free carried or carried interest.</u>
Brazil	<ul style="list-style-type: none"> • Corporate Income Tax: 34% • Dividend Withholding Tax: 15% 	<ul style="list-style-type: none"> • Royalties: 1.5% - CFEM – financial compensation for the exploration of mineral resources. 	<ul style="list-style-type: none"> • Mining rights in Brazil are acquired through concessions granted by the federal or state governments, providing holders with exclusive exploration and exploitation rights over designated areas for specific minerals, subject to compliance with regulatory requirements. • <u>No free carried or carried interest.</u>

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Colombia	<ul style="list-style-type: none"> • Corporate Income Tax: 32% • Dividend Withholding Tax: 7.5% 	<ul style="list-style-type: none"> • Royalties: 1-12% <ul style="list-style-type: none"> - Depending on the resource - Gold and Silver are 4% - Copper is 5% 	<ul style="list-style-type: none"> • Mineral rights in Colombia are owned by the government, which grants concessions or permits for exploration and mining activities. • Colombian mining law requires companies to invest in social and environmental projects and contribute to local development in areas affected by mining operations. • <u>No free carried or carried interest.</u>
Peru	<ul style="list-style-type: none"> • Corporate Income Tax: 29.5% • Dividend Withholding Tax: 5% 	<ul style="list-style-type: none"> • Royalties: 1-12% • Special Mining Tax: 2-8.4% • Special Mining Contribution: 4-13.12% 	<ul style="list-style-type: none"> • Mineral rights in Peru are owned by the government, which grants concessions or permits for exploration and mining activities through the Ministry of Energy and Mines. • <u>No free carried or carried interest.</u>
Finland	<ul style="list-style-type: none"> • Corporate Income Tax: 20% • Dividend Withholding Tax: 25% 	<ul style="list-style-type: none"> • Royalties: 0.6% on the taxable value of the metallic mineral and 0.2 Euros per extracted tonne for other minerals. 	<ul style="list-style-type: none"> • Mineral rights in Finland are typically owned by the state, and exploration and mining activities are regulated by the Finnish Safety and Chemicals Agency (Tukes). • <u>No free carried or carried interest.</u>
Australia	<ul style="list-style-type: none"> • Corporate Income Tax: 25-30% • Dividend Withholding Tax: 30% 	<ul style="list-style-type: none"> • State Royalties: 2.4-5% <ul style="list-style-type: none"> - Royalty rates are dependent on where commodities are mined, the methodology applied to calculate royalties, and the availability of processing discounts. 	<ul style="list-style-type: none"> • Mining companies are typically required to enter into compensation agreements with affected landowners as part of being granted a mining or exploration tenement by the relevant State government. • <u>No free carried or carried interest.</u>
New Zealand	<ul style="list-style-type: none"> • Corporate Income Tax: 28% • Dividend Withholding Tax: 30% 	<ul style="list-style-type: none"> • Royalties: 2% of the net sales revenue of gold. 	<ul style="list-style-type: none"> • Mineral rights in New Zealand are owned by the Crown, and exploration and mining activities are regulated by New Zealand Petroleum & Minerals. • New Zealand has provisions for revenue-sharing arrangements between companies and first nation communities. • <u>No free carried or carried interest.</u>

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Philippines	<ul style="list-style-type: none"> • Corporate Income Tax: 20-25% • Dividend Withholding Tax: 15-25% 	<ul style="list-style-type: none"> • Royalties under mineral reservations: 5% <ul style="list-style-type: none"> - The market value of the gross output of the minerals produced. • There is a required minimum royalty payment of no less than 1% of the gross output, which is part of a socioeconomic wellbeing trust fund managed and utilized by the ICCs. 	<ul style="list-style-type: none"> • Mineral rights in the Philippines are owned by the state, and exploration and mining activities are regulated by the Mines and Geosciences Bureau (MGB) under the Department of Environment and Natural Resources (DENR). • <u>No free carried or carried interest.</u>
Mali	<ul style="list-style-type: none"> • Corporate Income Tax: 30% • Dividend Withholding Tax: 20% 	<ul style="list-style-type: none"> • Royalties: 3% of revenue. 	<ul style="list-style-type: none"> • Government has the right to take a 10% stake in mining projects and the <u>option to buy</u> an additional 20% within the first two years of commercial production. • A further 5% stake could be ceded to locals, taking state and private Malian interests in new projects to 35%.
Ghana	<ul style="list-style-type: none"> • Corporate Income Tax: 35% • Dividend Withholding Tax: 8% 	<ul style="list-style-type: none"> • Mineral Royalties: 5% on revenue. 	<ul style="list-style-type: none"> • The Government has a 10% free carried interest in the rights and obligations of the mineral operations.
Chile	<ul style="list-style-type: none"> • Corporate Income Tax: 27% • Dividend Withholding Tax: 35% 	<ul style="list-style-type: none"> • Specific Tax on Mining Activity: 5-14% <ul style="list-style-type: none"> - As the margin grows, so does the rate capped at 14%. 	<ul style="list-style-type: none"> • Mining rights in Chile are granted through a concession system. The government owns all mineral resources in the country, and individuals or companies can obtain the right to explore, exploit, and benefit from these resources through concessions. • <u>No free carried or carried interest.</u>
Burkina Faso	<ul style="list-style-type: none"> • Corporate Income Tax: 27.5% • Dividend Withholding Tax: 12.5% 	<ul style="list-style-type: none"> • Royalty: <ul style="list-style-type: none"> - 6% is the minimum rate for spot price above \$1,500/oz. - It rises to 6.5% from spot price \$1,700-\$2,000. - Then 7% for above \$2,000. 	<ul style="list-style-type: none"> • The State's free equity participation under the New Mining Code is maintained at 10%. However the State can now <u>also acquire additional equity</u> if it reaches an agreement with the mining company in accordance with the provisions of the Uniform Act on Companies.

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Ivory Coast	<ul style="list-style-type: none"> • Corporate Income Tax: 25% • Dividend Withholding Tax: 15% - Discounts of up to 50% have been given to projects (based on negotiations). • VAT of 7.5% on imported goods but exempted during development phase. 	<ul style="list-style-type: none"> • Royalty: <ul style="list-style-type: none"> - Rate varies from 3-6% depending on the gold price - 6% at +\$2,000/oz 	<ul style="list-style-type: none"> • Once an exploitation title is granted, a new exploitation company must be set up in which the Republic of Ivory Coast has a minimum of 10% free-carry shareholding.
Namibia	<ul style="list-style-type: none"> • Corporate Income Tax: 37.5% • Dividend Withholding Tax: 10% or 20% - Lower rate applies where at least 25% of shares are held in the Namibian company. Higher rate applies otherwise. 	<ul style="list-style-type: none"> • Royalty: 3% 	<ul style="list-style-type: none"> • The Government of Namibia's right to acquire a participating interest depends on the negotiations between the parties as it is not regulated by statute. • Normally 15% interest.
Mongolia	<ul style="list-style-type: none"> • Corporate Income Tax: 10% or 20%. - 10% applies to the first MNT 6 billion of annual taxable income. - If annual taxable income exceeds MNT 6 billion, the tax shall be MNT 600 million plus 25% of income exceeding MNT 6 billion. • Dividend Withholding Tax: 20% 	<ul style="list-style-type: none"> • Royalty: 5% - In respect of gold the base or standard royalty tax rate is 5%. The additional royalty tax rate varies based on the type and level of processing, and the market price of the mineral sold, shipped, or used. 	<ul style="list-style-type: none"> • New Minerals Law, allows the Government a right to a 34% equity stake in projects, where it provided no funding and a 50% stake in projects involving state funding. The affected projects are those involving minerals of 'strategic importance'.
Senegal	<ul style="list-style-type: none"> • Corporate Income Tax: 30% • Dividend Withholding Tax: 10% 	<ul style="list-style-type: none"> • Gold Royalties: <ul style="list-style-type: none"> - Concentrate: 5% - Processed abroad: 5% - Processed locally: 3.5% 	<ul style="list-style-type: none"> • The issuance of an operating permit entitles the state to a 10% free carried participation in the share capital of the permit holder and an additional participation of up to 25%.
Papua New Guinea	<ul style="list-style-type: none"> • Corporate Income Tax: 30% • Dividend Withholding Tax: 15% 	<ul style="list-style-type: none"> Royalty: 2% NSR plus 0.5% Levy to MRA. 	<ul style="list-style-type: none"> • 30% purchased at cost of investment to date at time of conversion from exploration to mining license.

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