



Current Tax Reform in Papua New Guinea for Mining: State Equity Participation Versus a Resource Rent Tax

Presenters:

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Stakeholder issues

Is there common ground?

PNG Mining Act




Review

Committee:

- state equity participation up to 50%

Mining Industry:

- status quo
-  state equity participation??
- RRT, *maybe*

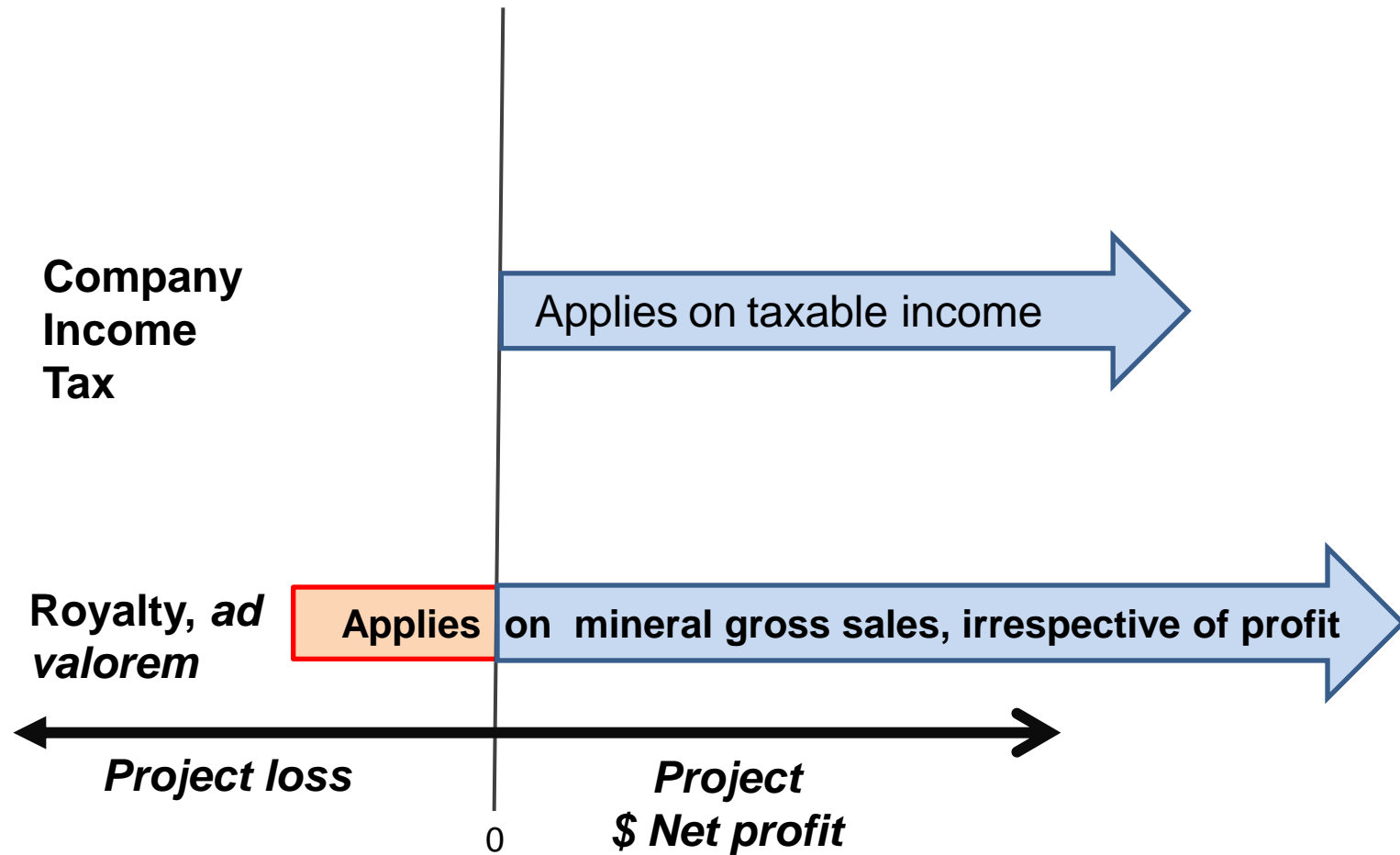
PNG

Tax Review

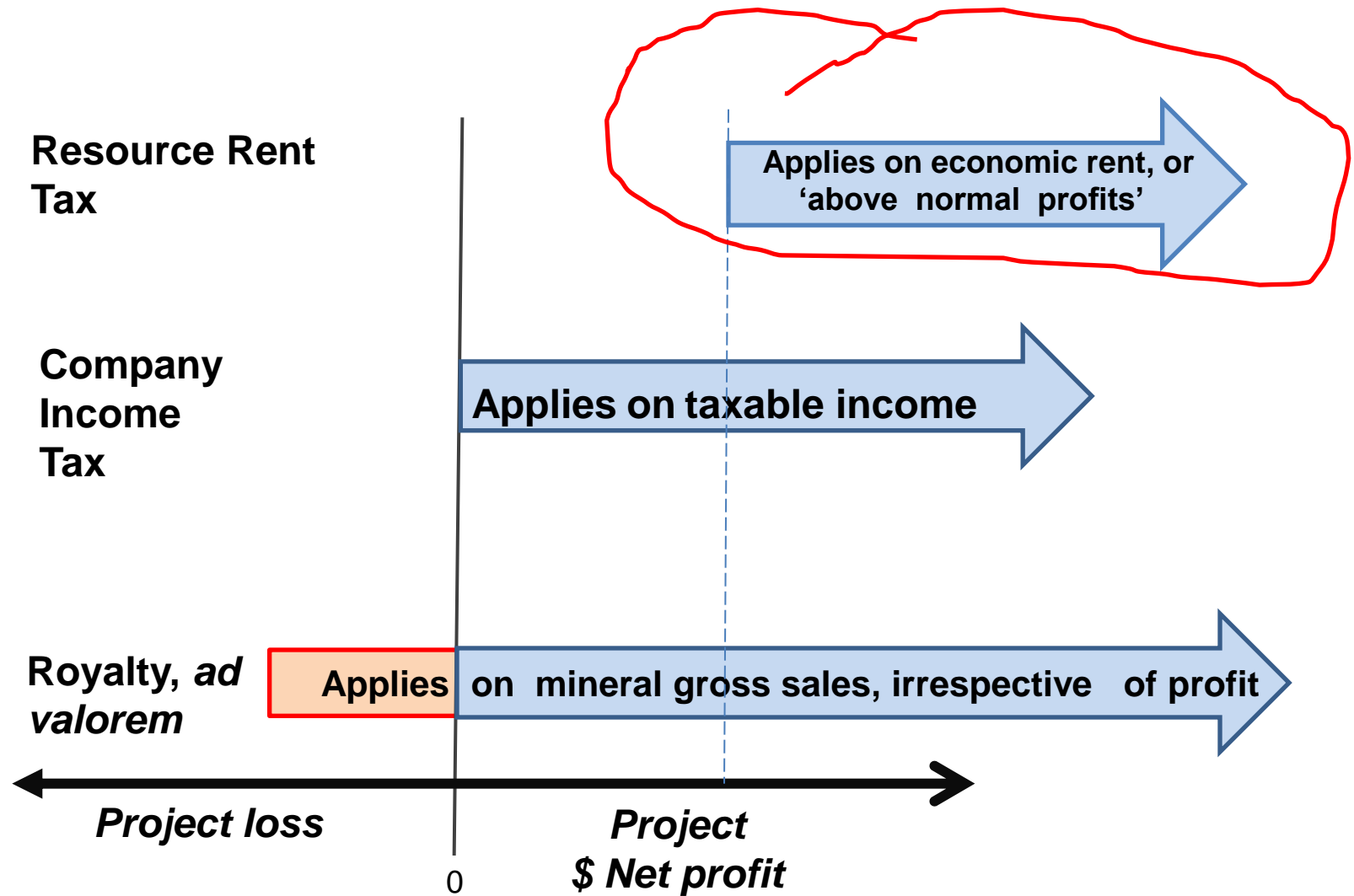
Committee:

- re-intro of RRT

Current PNG Tax Take, mining



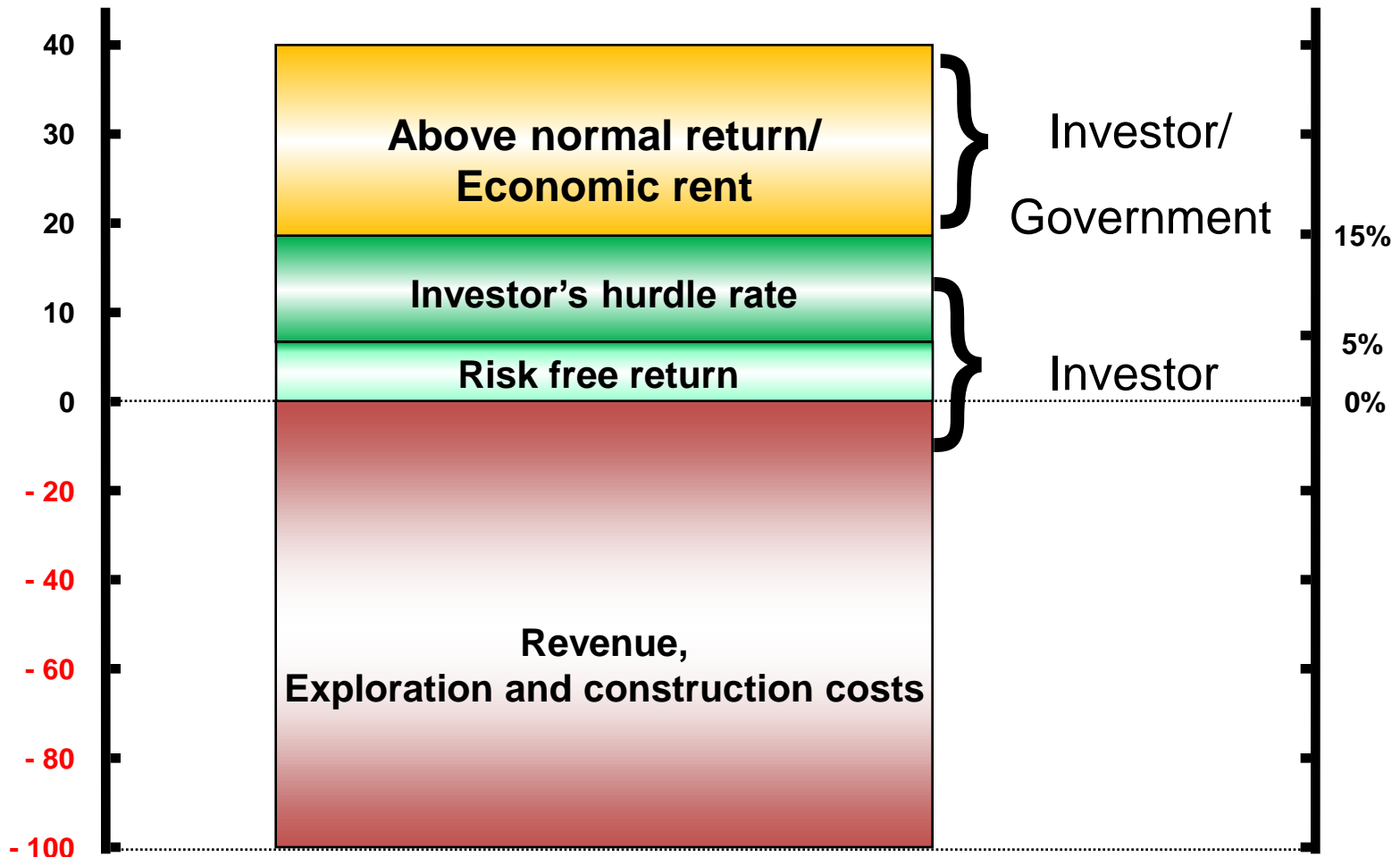
Example: Tax Take, mining. With an RRT



Resource rent tax: a cash flow tax

Net Cash Flows \$ Discounted

Discount Rate of Return %



PNG operating mines and leaseholders

| | <u>Mineral Mine</u> | <u>Type</u> | <u>Leaseholder</u> |
|---|-------------------------------------|------------------------|--|
| 1 | Ok Tedi | copper/gold/silver | PNG state |
| 2 | Lihir Newcrest | gold/silver | Newcrest Mining Ltd |
| 3 | Porgera | gold/silver | Barrick Gold Corporation |
| 4 | Tolukuma | gold/silver | PNG state: Petromin PNG Holdings |
| 5 | Morobe Mining Joint Ventures (MMJV) | gold/silver | Newcrest 50%/Harmony Gold 50% |
| 6 | Simberi | gold/silver | St Barbara Ltd |
| 7 | Sinivit | gold/silver | New Guinea Gold Corporation |
| 8 | Ramu | nickel/cobalt/chromium | China Metallurgical Corporation (MCC) 70% + others |

Source: Company reports