



MEDIA RELEASE

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No time to waste on mineral exploration incentive

The South Australian Chamber of Mines and Energy (SACOME) says new legislation to progress the Australian Government's Exploration Development Incentive (EDI) must be passed as soon as possible to urgently assist the struggling junior mineral sector that our economy relies on.

The *Tax and Superannuation Laws Amendment (2014 Measures No. 7) 2014* and *Excess Exploration Credit Tax 2014 Bills* allow the Government to implement its promised EDI - an innovative tax reform initiative that will enable Australian junior minerals exploration companies with no taxable income to voluntarily pass current losses on to Australian resident shareholders, in the form of a tax credit.

This initiative will provide a strong incentive for shareholders to commit capital to the exploration sector, making investment in these juniors attractive and addressing the lack of start-up capital in a competitive market.

Jason Kuchel, Chief Executive, SACOME said "The junior explorers are really doing it tough at the moment. Quarterly exploration expenditure has halved in the last two years to September 2014. Softening commodity prices combined with the constrained capital markets we are experiencing right now is providing an extremely challenging environment for our junior resources companies."

"Many people do not realise that the junior sector is critical to resource development, being the "engine room" needed to find the mineral resources upon which the economy is so dependant." Mr Kuchel said.

A similar initiative was introduced in Canada over twenty years ago, its *Flow Through Shares* scheme, and has been very successful in increasing investment into the junior sector, increasing discoveries and mine development, and invigorating the Canadian economy.

The recent package of Bills were only just introduced into the House of Representatives late last year with debate adjourned on the second reading. This must move forward in the first sitting days of 2015 which is due on February 9th.

The Federal budget provides for \$100 million over three years for the introduction of the EDI. The \$100 million commitment, which was first pledged during the last Federal election, follows a discussion paper released by Treasury in March 2014 which canvassed options for the implementation of the incentive. Prior to this, SACOME - followed by other industry bodies - has persistently lobbied for the initiative since 2008, including providing Treasury with an Australian taxation system compatible model, designed by former SACOME Councillor, Alice McCleary.



South Australian Chamber of Mines and Energy

SACOME asks that both sides of Parliament get behind this Bill to ensure the EDI is implemented without delay early this year.



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