

Exploration Development Incentive (EDI): GB Energy Ltd Submission

GB Energy Ltd is an Australian listed (ASX: GBX) mineral exploration company. We strongly support the Government's proposed EDI and express our appreciation for this helpful and thoughtfully designed policy.

Chapter 2

- We support the 'no taxable income test' and 'no mining activities test'
- We propose "exploration" should be restricted to Exploration Licences rather than Mining Leases
- The EDI should apply to publically-listed Australian companies for maximum transparency and scrutiny of such a new policy

Chapter 3

- We support exploration credits for new shareholders only as this would increase the incentive for additional investment

Chapter 4

- The EDI should not apply to quarrying materials due to the relative simplicity and low cost of exploration
- Perhaps the EDI might be excluded from exploration related to any form of JORC 2012 resource

Chapter 5

- We do not have a developed view on an ex-post or ex-ante model due to the technical nature of the accounting and taxation issues. However practically we believe that an ex-ante model would provide greater certainty for investors and thus encourage new capital investment in line with the purpose of the Policy. When raising new capital the investor needs to have reasonable certainty of the likelihood of the expenditure qualifying. We consider this a most important technical and practical issue that will require more analysis to establish the best solution.
- We support a cap of say ~\$3m in eligible expenditure per annum per entity. We believe a pro-rata, rather than a first-in, allocation methodology would be both more equitable and achieve the desired outcome of generating exploration activity.