

## **Policy Design for the Exploration Development Incentive**

Submission by Thomson Resources Ltd

### **2. Questions**

- 2.1. Will a 'no taxable income test' and a 'no mining activities test' effectively target the measure to junior minerals explorers who are not able to utilise their tax losses?
- 2.2. How should the 'no mining activities' test operate to ensure the incentive targets small mineral exploration companies?
- 2.3. Could the approach to restrict eligibility to Australian resident companies that are widely held prevent some junior minerals explorers from accessing the incentive?

### **ANSWERS**

#### **2.1 Yes**

*2.2 the scheme should exclude companies that derive assessable income from mining activities*

*2.3 the scheme should be confined to ASX listed companies; with a related entity test to exclude companies with income from mining activities*

### **3. Question**

- 3.1. What are the pros and cons of companies distributing exploration credits to all shareholders compared to the alternative approach of requiring new share issues? Which is the preferred option?

### **ANSWER**

*3.1 Exploration credits should be distributed to all shareholders. Existing shareholders are the ones who have invested their money when times were tough. In most cases these investors are looking at very significant losses.*

### **4. Questions**

- 4.1. Should the Exploration Development Incentive be available to companies exploring for quarry materials? Why/why not?
- 4.2. Would the proposed approach of aligning the definition with subparagraph 40-730(4)(a)(i) of the ITAA potentially exclude activities that are, by nature, the search for new discoveries? If so, please provide examples.

4.3. Conversely, would this definition capture exploration activities that are evaluating the economic viability of a known resource?

## **ANSWERS**

*4.1 No. Quarry materials are bulk commodities and “easy” to find. In most cases they are at surface and mapped by the State Geological Surveys.*

*4.2 Thomson agrees with point 19 in the discussion document; feasibility studies should be excluded from the incentive.*

*4.3 Thomson agrees with points 24 and 25 in the discussion document; work on a mine or on anything that has a JORC resource defined should be excluded.*

*5 Thomson vastly prefers the Ex-Post Modulation process outlined in the discussion document.*

*6 There should not be a requirement for any entries to be posted to the explorer’s imputation accounts*

Regards

Eoin Rothery  
CEO and Managing Director  
Thomson Resources Ltd