



## The Joint Venturer from Hell

### **The structure of the tax is as if the Project owner/operator is free carrying a 40% JV partner – The Government**

- The partner rebates 30% of exploration cost
- The operator arranges to fully fund the partner's share of capital
- Operator is responsible for 100% of financing costs above the risk free rate
- The partner pays back its share of capital out of cash flow
- The partner pays full state govt royalty
- Once capital is paid back the partner takes its 40% share of cash flow
- Operator pays corporate tax on its share of profit after deducting full project D&A and financing costs in the usual way.
- The Operator can pay its shareholders dividends to the extent of its profit share but franking is deferred until the exploration rebate is recovered
- If over the LOM the project fails before capital is recovered then the partner will refund their unrecovered 40% share but only if the operator has no other project to offset the losses