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18 February 2025

## Simberi Gold lodges objection against PNG IRC assessment

St Barbara Limited (“**St Barbara**” or the “**Company**”) (ASX: SBM) advises that Simberi Gold Company Pty Ltd (“**Simberi Gold**”), a wholly-owned subsidiary of St Barbara, has lodged an objection against the tax assessments by the Papua New Guinea (“**PNG**”) Internal Revenue Commission (“**IRC**”)¹.

St Barbara and Simberi Gold reject the IRC’s arguments which have been incorrectly applied to the tax legislation that underpin the assessments for each of the issues raised.

The IRC assessed additional tax of PGK152.0 million on revisions to Simberi Gold tax returns across 2017 to 2021 in relation to revisions to Allowable Capital Expenditure (“**ACE**”) and have applied penalties of PGK304.1 million. The Company and Simberi Gold have identified errors totalling PGK64.0 million comprising:

- Omission of Pre-Production Capital from IRC’s ACE deduction calculation (totalling PGK8.5 million plus penalties of PGK17.0 million);
- Attribution of carry-forward ACE to loss making years of 2013, 2014 and 2015 (totalling PGK31.6 million plus penalties of PGK63.2 million);
- Erroneous recalculation of all historical short life ACE to long life ACE from 2008 through 2021 (totalling PGK 12.0 million plus penalties of PGK23.9 million); and
- Other spreadsheeting errors that have the effect of reducing ACE deductions in the relevant tax years (totalling PG11.9 million plus penalties of PGK23.8 million).

After adjustment for these above errors there is just PGK88.1 million applicable to the IRC contention as to whether Simberi Gold could apply section 155E(4) of the PNG Income Tax Act to accelerated ACE deductions based on the anticipation of completion of oxide mine life within four years.

The IRC have offset against their assessed additional income tax an amount of PGK20.7 million owed by the IRC to Simberi Gold in relation to Goods and Services Tax (“**GST**”) refunds whereas the IRC in fact owe Simberi Gold PGK48.1 million in GST refunds that should be offset for the relevant period.

The IRC also assessed deemed withholding tax (“**DWT**”) of PGK49.9 million in relation to a capital distribution made by Simberi Gold during 2017 to 2019 and have applied penalties of PGK37.7 million. The Company and Simberi Gold have identified an error of PGK35.9 million in the IRC calculations where the IRC have inexplicably applied the DWT assessment to adjusted taxable income in the years of 2017 to 2019 rather than applying the DWT assessment to the amount of capital distribution that they dispute. The calculation of the DWT is completely at odds with the arguments raised in the IRC assessment solely related to the capital distribution and there is no basis in law for profits in any given year to be distributed by dividend, in particular where the entity has accumulated losses.

Accordingly the Company and Simberi Gold calculate that there is just PGK102.1 million (approximately AUD39.9 million) in additional assessed income tax (against which there should be an offset for GST refunds of PGK48.1 million (AUD18.8 million) owed by the IRC to Simberi Gold) and PGK14.0 million (approximately AUD5.5 million) in DWT actually in dispute by the IRC after correction for the various errors discussed above. The Company disputes the underlying arguments made by the IRC in the revised assessment and rejects the basis for penalties being imposed.

The Company is grateful for the support received from the Office of Prime Minister PNG, the Australian High Commission to PNG, the Mineral Resources Authority, Kumul Minerals Holdings Limited and the PNG Chamber of Resources and Energy to support an urgent resolution of this matter. St Barbara and Simberi Gold remain committed to working with the IRC to resolve this situation as a matter of urgency given the damage caused to the Company and Simberi Gold.

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¹ Refer to ASX releases on 23 and 24 December 2024 titled “*Simberi Mine receives IRC assessment*”, and “*PNG IRC Assessment*” respectively



The Company has expressed its concern that the IRC lead officer in the audit investigation team was a former St Barbara Limited tax manager with responsibility for preparation of tax returns for Simberi Gold immediately prior to his appointment to the IRC. Furthermore, the Company understands that the lead officer's work was not subject to review before the assessments were issued.

The Company notes that the IRC Commissioner assured Managing Director and CEO Mr Andrew Strelein, in their meeting together in January, that Simberi Gold's objection would be prioritised for review by IRC officers independent of the audit investigation team.

Managing Director and CEO Andrew Strelein said *"St Barbara and Simberi Gold have made full and true disclosures of all material facts and strongly rejects any suggestion of tax evasion motive, fraud, or misleading statements. It is inconceivable that the IRC would argue that there has been attempt to cover up the potential for future mining of the Simberi Sulphides when this information has been publicly announced and repeatedly communicated to PNG departments and in media statements from time to time. The current processing facility is unable to process sulphide ore. New investment and permitting is required to treat the sulphide ores and so the appropriate mine life for reference on claiming allowable capital expenditure between 2017 and 2021 is clearly the predicted oxide life."*

*"During recent meetings with all levels of PNG government the support for St Barbara and Simberi Gold has been reassuring and there is alignment on the need to clarify this matter as soon as possible, particularly given the uncertainty the announcement of this assessment caused."*

The objection will now be considered by the Commissioner and a formal response provided expeditiously.

**Authorised by**

Andrew Strelein  
Managing Director and CEO

**For more information**

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