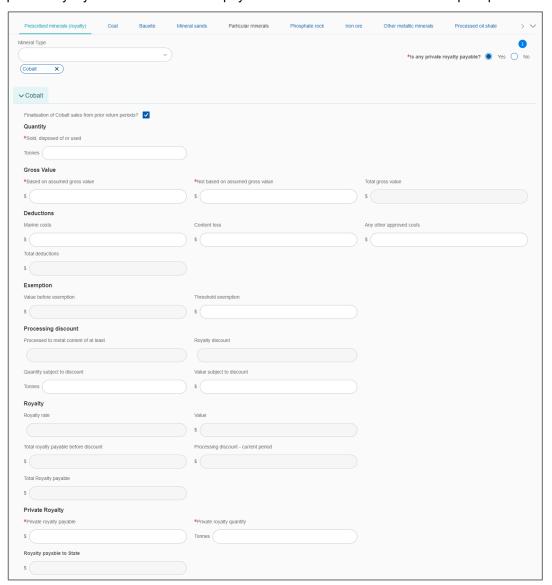
QRO Online guide: Prescribed minerals

Cobalt, copper, gold, lead, nickel, silver and zinc

To demonstrate all fields relating to this commodity, in this guide cobalt has been selected as the mineral type, private royalty has been selected as payable and finalisation of sales from a prior period has been selected.



General information

Relevant data is to be entered in relation to all prescribed mineral sourced from the operation for which the return is being lodged and sold, disposed of or used during the return period. This applies irrespective of:

- whether the prescribed mineral was extracted before or during the return period
- whether the prescribed mineral was extracted by the producer or some other person

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- whether the prescribed mineral was sold, disposed of or used by the producer or some other person
- when (or if) the producer receives full or partial payment for any sale.

For the purpose of calculating royalty, prescribed mineral that is transferred from one of the producer's mining operations to another is deemed to have been sold or disposed of by the first operation (depending on whether the second operation pays for the prescribed mineral).

All amounts must be expressed in Australian dollars. The conversion of foreign currency into Australian dollars should use an exchange rate for the appropriate date obtained from a consistent, reasonable source. Examples of an exchange rate that is considered reasonable include the hedge settlement rate (the WM/Reuters Australia Fix 10.00am rate for the particular day), the WM/Reuters Australia Fix 4.00pm rate for the particular day, or a rate published by a major Australian commercial bank or financial institution.

If more than one type of prescribed mineral listed in the 'Mineral Type' drop-down list has been sold, disposed of or used during the return period, select it from the list and repeat the following entries as relevant.

Quantity

Field	Guidance
Sold, disposed of or used	Enter the total quantity of the selected mineral sold, disposed of or used during the return period.

Gross value

The gross value must be determined for all the selected mineral sold, disposed of or used during the return period.

<u>Public Ruling MRA002</u> provides guidance in relation to how the gross value of a prescribed mineral is to be determined in particular circumstances.

For determining the gross value, note the following:

- In certain circumstances (especially where the prescribed mineral is not sold on an arm's length basis, or is sold to a related party), the gross value will be the amount determined by the Commissioner under a gross value royalty decision.
- The gross value includes any amount recovered from the purchaser of the prescribed mineral in relation to the royalty payable for the prescribed mineral.
- Where the gross value is determined with reference to the amount for which the prescribed mineral is sold, that
 amount includes all amounts paid or payable by the buyer in relation to the sale (including, but not limited to,
 production or other costs of the producer that are explicitly recovered from the buyer in addition to the stated
 sales price), even if such amounts are invoiced separately. Amounts paid by a buyer on account of GST, or
 interest in relation to prescribed mineral sold on an extended credit basis, are excluded.
- The gross value is not reduced by any amount payable by the producer to the buyer (even if the parties agree to offset that amount against the sale price) or invoiced by the producer but not recovered from the buyer (i.e. a bad debt).

Special rules apply to the calculation of royalty if, under the terms of the contract of sale, the gross value of the mineral cannot be finally worked out before the royalty return for the return period in which it is sold (the sale period) is required to be lodged (adjustment mineral). Under these rules (the adjustment method):

• the royalty payable in the sale period (the provisional royalty) must be calculated based on the gross value of the adjustment mineral, determined by reference to the information available at the time the return is lodged (the assumed gross value)

- in the royalty return for the period in which the actual gross value is determined:
 - the royalty payable in relation to the adjustment mineral (the actual royalty) must be calculated based on the actual gross value of the adjustment mineral
 - the difference between the actual royalty and the provisional royalty must be stated and any additional royalty must be paid.

For more information on the adjustment method, see <u>Public Ruling MRA002</u> and <u>Royalty calculations for prescribed and specified minerals.</u>

For mineral sold, disposed of or used during the return period and to which the adjustment method:

- applies (i.e. adjustment mineral)—enter the assumed gross value in the Based on assumed gross value field
- does not apply—enter the gross value in the Not based on assumed gross value field.

Field	Guidance
Based on assumed gross value	Enter the assumed gross value of adjustment mineral sold during the return period.
Not based on assumed gross value	 Enter the total of the gross value of the selected prescribed mineral: sold during the return period and to which the adjustment method does not apply disposed of or used during the return period, as determined under a gross value royalty decision.
Total gross value	This will populate on clicking 'Calculate'.

Deductions

The Mineral Resources Regulation 2013 (the Regulation) provides that certain expenses can be deducted when calculating the value of mineral that is subject to royalty.

Deductions must be claimed on a GST-exclusive basis.

Field	Guidance
Marine costs	Enter the amount of any freight or insurance cost payable by the producer relating to the transport of the selected prescribed mineral by water to a port outside Queensland.
	Only freight and insurance costs attributable to activities occurring, or risks arising, after mineral is loaded on a vessel may be deducted. Accordingly, any other freight- or insurance-related costs payable by the producer may not be deducted in this category, including but not limited to costs associated with:
	 transporting the prescribed mineral to the point of loading, or insuring the mineral before that point
	• preparing the prescribed mineral for loading, or loading the mineral, onto a vessel.
Content loss	The content loss deduction recognises that, where prescribed mineral is sold by a producer, royalty should not be payable on reasonable losses occurring in the subsequent processing of the prescribed mineral for which the producer is not paid.
	In certain circumstances, a deduction will only be available in relation to prescribed mineral if the producer applies to the Commissioner for a content loss determination.

Field	Guidance
	For more information, see <u>Public Ruling MRA002</u> and <u>Royalty calculations for prescribed and specified minerals</u> .
	Enter the amount of any applicable content loss deduction.
Any other approved costs	Enter the amount of any cost that the Commissioner has decided is a type of cost that should be subtracted from the gross value.
Total deductions	This will populate on clicking 'Calculate'.

Exemption

The Regulation provides that, for certain minerals mined as part of an operation (threshold minerals), no royalty is payable on the first \$100,000 of the combined value of all such minerals sold, disposed of or used in a financial year (1 July to 30 June).

The exemption:

- applies to the first \$100,000 of the combined value of threshold minerals sold, disposed of or used in a financial year, not the first \$100,000 of royalty on threshold minerals
- is assessed with reference to the total value of all threshold minerals (i.e. the exemption is not \$100,000 per threshold mineral)
- cannot be apportioned across return periods in the financial year (e.g. \$25,000 per quarter).

See Public Ruling MRA002 for more information, including a list of threshold minerals.

Field	Guidance
Value before exemption	This will populate on clicking 'Calculate'.
Threshold exemption	Enter the amount of the threshold exemption being claimed in relation to the selected prescribed mineral for the return period.

Processing discount

The Regulation allows a reduction in the royalty payable for certain minerals sold, disposed of or used where the mineral is processed in Queensland and after processing, the mineral has at least the prescribed minimum metal content (expressed as a percentage).

The amount of the reduction varies by mineral and is expressed as a percentage discount. See <u>Public Ruling MRA002</u> for further information.

Note: The processing discount does not apply to gold or silver.

Field	Guidance
Processed to metal content of at least	This will populate on clicking 'Calculate'.
Royalty discount	This will populate on clicking 'Calculate'.

Field	Guidance
Quantity subject to discount	Enter the total quantity of the selected prescribed mineral sold, disposed of or used during the return period and subject to the processing discount.
Value subject to discount	Enter the gross value of the selected prescribed mineral sold, disposed of or used during the return period and subject to the processing discount.

Royalty

Field	Guidance
Royalty rate	This will populate on clicking 'Calculate'.
Value	This will populate on clicking 'Calculate'.
Total royalty payable before discount	This will populate on clicking 'Calculate'.
Processing discount—current period	This will populate on clicking 'Calculate'.
Total royalty payable	This will populate on clicking 'Calculate'.
Royalty payable to State	This will populate on clicking 'Calculate'.
Total royalty payable to State for prescribed minerals	This will populate on clicking 'Calculate'.

Private royalty

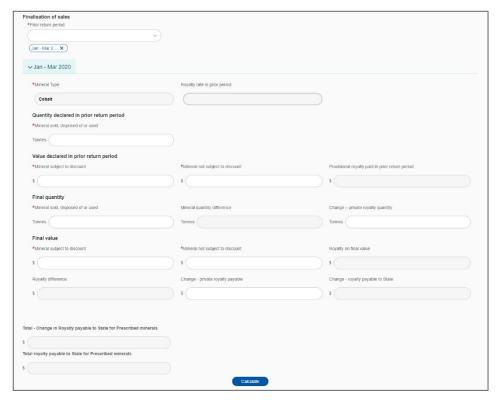
Mineral rights in Queensland are generally held by the state. However, if freehold title to the land was granted before 1 March 1910, a private holder may hold the mineral rights.

If this is the case, royalties are payable directly to the private holder, not to the state (except where any of the land is or becomes a road). However, details of mineral subject to private royalty must be recorded in the royalty return.

Note: Private royalty is not payable in relation to gold.

Field	Guidance
Private royalty payable	Enter the amount of private royalty payable in relation to the selected prescribed mineral sold, disposed of or used during the return period.
Private royalty quantity	Enter the total quantity of the selected prescribed mineral sold, disposed of or used during the return period that is subject to private royalty.

Finalisation of sales



This section must be completed where the actual gross value of adjustment mineral sold in a prior return period is determined in the current period, to determine the difference between the actual royalty and the provisional royalty.

A separate schedule must be completed for each sale period for which sales of adjustment mineral are finalised in the current period. In the following guidance, finalised mineral refers to adjustment mineral sold in the particular sale period and for which the actual gross value was determined in the current period.

For more information on the adjustment method, see <u>Public Ruling MRA002</u> and <u>Royalty calculations for prescribed and specified minerals.</u>

Note: Fields relating to the processing discount will not appear where the mineral type is silver or gold, and fields relating to private royalty will not appear where the mineral type is gold.

Field	Guidance
Prior return period	Select the sale period from the drop-down list. For clients who pay royalty on a monthly basis, select the relevant sale period with '(Monthly)' in the description.
Mineral type	This will populate from the initial mineral type selection.
Royalty rate in prior period	This will populate on clicking 'Calculate'.
Quantity declared in prior return period— Mineral sold, disposed of or used	Enter the quantity of finalised mineral as recorded in the 'Sold, disposed of or used' field in the 'Quantity' section in the royalty return for the sale period.

Field Value declared in For finalised mineral for which the processing discount was claimed in the sale period, prior return periodenter the assumed gross value of the mineral (as recorded in the 'Based on assumed Mineral subject to gross value' field in the royalty return for the sale period). discount Value declared in For finalised mineral for which the processing discount was not claimed in the sale period, enter the assumed gross value of the mineral (as recorded in the 'Based on prior return period-Mineral not subject assumed gross value' field in the royalty return for the sale period). to discount **Provisional royalty** This will populate on clicking 'Calculate'. paid in prior return period Final quantity— Enter the quantity of finalised mineral, as determined through the process by which the Mineral sold, actual gross value was determined. disposed of or used Mineral quantity This will populate on clicking 'Calculate'. difference Change—private For finalised mineral subject to private royalty, enter the difference between the royalty quantity quantity recorded in the 'Private royalty quantity' field in the royalty return for the sale period and the quantity as determined through the process by which the actual gross value was determined. Final value—Mineral Enter the actual gross value of the finalised mineral for which the processing discount was claimed in the sale period. subject to discount Final value—Mineral Enter the actual gross value of the finalised mineral for which the processing discount not subject to was not claimed in the sale period. discount Royalty on final This will populate on clicking 'Calculate'. value Royalty difference This will populate on clicking 'Calculate'. Change—private Enter the amount of the royalty difference that is payable to (or recoverable from) an royalty payable entity with private royalty rights in relation to the finalised mineral. Change—royalty This will populate on clicking 'Calculate'. payable to State Total—change in This will populate on clicking 'Calculate'. royalty payable to State for prescribed minerals