

## Reduced Tax Rate To Encourage Explorers To PNG Waters

The Papua New Guinea government has offered a reduced tax rate of 30% to encourage greater petroleum exploration within the country's largest ever acreage release.

Deputy Prime Minister, and Petroleum and Energy Minister, Moi Avei, said the new tax rate would cover petroleum operations arising from a petroleum prospecting licence granted during the period January 1st 2003 to December 31st 2007 and in respect of which a petroleum development licence is granted before December 31st 2017.

"This is a significant decrease from the rate applying to our other petroleum operations, the income from which is currently assessed at 50% of taxable income for petroleum projects established prior to January 1st 2001, and 45% for projects thereafter", Avei said.

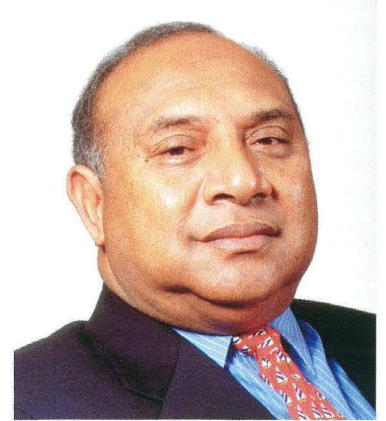
"It is the government's intention to actively encourage and work together with new explorers who are interested in entering one of

the most prospective, but still under explored areas of Papua New Guinea. By the third quarter of 2006, bidding packages focusing on the acreage release will be available for companies interested in exploring these areas. The tender should close in the third quarter of 2007, and immediately after that announcements will be made on the successful bidders."

"The extended application period will allow new explorers time to evaluate the geology, data and the new attractive fiscal terms offered in Papua New Guinea. Many of the areas included in the 2006 release are unexplored, having never been under licence and, as such, are true frontier areas with unknown potential."

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*PNG Deputy Prime Minister and Petroleum and Energy Minister, Moi Avei.*