

There is no good place to start with this matter. The fact is this issue is something that needs a lot of discussion. Clearly the Victorian Government should have discussed this matter before jumping to any ill conceived regulations relating to a Gold royalty. At the very least it should acquaint itself with the costs associated with mining while completely discounting every exploration cost. The sustainable mining costs alert most explorers that they should steer well clear of Victoria. The risks of exploration are too great. Kirkland's costs at Fosterville make this proposition very clear.

Before going further please take a moment to read this report from May this year..... <https://finfeed.com/investor-101/emerging-australias-gold-mines-by-production-grades-and-costs-part-2/>

Kirkland's cost of production at \$442 per ounce at the Fosterville operation in Victoria consumes in the order of 7 grams for every tonne of ore presented to the treatment plant. In other words the only reason Fosterville continues in production is as a result of extraordinarily high grade. God forbid if ever the grade falls away and you can bet it will.

When you increase the cost of production, and a royalty is an increase in the cost of production, the resource and the mine is automatically smaller than it was the day before. Ask yourself, why does gold production in any full quarter following a price fall, increase, or in the alternative why does gold production in any full quarter following a price increase, fall? If you cannot answer either question you fail to understand the economics of mining. We regularly read the headlines noting an increase in the gold price and surprisingly a corresponding fall in production, there should be no surprise, it is that the writer and usually the reader fail to understand the business of mining. Put another way the mining industry, generally, knows it's stuff.

Victoria was the envy of the world in the period following 1850 and it lasted till the first world war and should be continuing to this day. For a few decades Melbourne and Victoria generally became one of the richest places on the face of the planet. Farm returns became very attractive after 1918 assisted in the main with excellent local infrastructure particularly railway and road transport aided by the increase in population.

In terms of the prospectivity of Victoria there are a few redeeming features to consider when looking at Victoria as a gold anomalous region. Victoria is an elephant when it comes to world gold anomalies and yet we have very little exploration on the go. Consider for a moment Victoria is one thirty fifth the size of WA and we mined only for 70 years (1850 till 1920) and yet it took WA nearly 100 years (1892 till 1988) to eclipse the recorded gold production of Victoria and we well know there was plenty of production that went on unrecorded for a plethora of reasons. Therefore up till 1988 Victoria was 35 times more anomalous than WA. Even to this day the figure would still be above 30 and yet very little exploration is being undertaken and we should address why.

The answer is simple, we have no mines department and no one pushing mining because those that have tried have been pushed into submission by those opposed to mining, those who know nothing of the risk and costs of mining and at the end of the day discount the benefit derived from mining. There is no limit on the laziness of the mines department in Victoria, they hide behind every conceivable excuse put forward by others particularly in referral authority's. I doubt anyone at the department would know the first thing about land ownership in this country as it relates to the Torrens Title.

Some years back a State labor Minister for Planning, Evan Walker, put it so elegantly when he stated that land ownership in Australia is a fallacy, you own the land to the depth sold (15m) and only then so long as the Minister does not have a greater use for it. There is no greater use than to the benefit of all. No one could argue gold was anything but good for this State. It is not inconceivable that Victoria's present gold production could be doubled in the future. Reports abound as to this position by world class mining personnel. Reports that were never read by those who were in charge. It is not inconceivable that Victoria's present gold production could be doubled in the future. Some years back, at significant tax payer cost, this state lead Australia and the world for that matter with it's VIMP program. The person most responsible for putting that program in action ( I forget his name) came from private enterprise, seconded to the mines department. I commended the Government at the time. Sadly after a flurry of activity it soon came to sit in drawers at the departmental offices hidden from sight. Then we had a lot of dollars spent on areas under cover in the Murray basin only to have it placed under moratorium for years while mines department personell sat on there hands during a boom in gold prices. Despite many request for when the department would release the areas there was no one who cared. Victoria lost out again.

It is lamentable that succeeding governments of all persuasions have worked to limit mining in this state. If the Victorian Government wishes to prevent mining and leave the resources in the ground then a Royalty of 2.75% is a great step towards achieving just that. We will be leaving the gold in the ground for future generations. What a loss when the our standard of living is struggling to keep pace with more forward thinking Governments.

Any submission in regard to this matter should be accompanied with enormous amounts of historical data however I wonder at the wisdom of providing same when I am unfamiliar with the parties to whom this data is to be distributed.

In closing I heartily request the Government reconsider the position and not introduce this impost on the industry.

Never one to hold back I am available to discuss this matter at far greater length if desired.