



BANK OF PAPUA NEW GUINEA

**OPERATIONAL REQUIREMENTS FOR A GOLD EXPORT
LICENCE**

ISSUE NO. 1 : ALLUVIAL GOLD EXPORTS

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1. POLICY

The provisions of the Central Banking Regulation governing gold¹ dealings within Papua New Guinea (PNG) were de-regulated in 1987 enabling all residents to buy and sell gold within PNG. However, a gold export licence (Licence) must be obtained from the Central Bank to export gold. For alluvial gold exports, a Licence is valid for one (1) year, and a new application must be submitted to the Bank of Papua New Guinea (Central Bank) for its review and consideration after it expires. During the tenure of the Licence, the Licensee is required to comply with the Operational Requirements. For large mining companies the Licence is valid for the duration of the mining lease or special mining lease.

The operational requirements set out in this document apply to alluvial gold exports.

2.0 THE OPERATING REQUIREMENTS

The following requirements must be adhered to at all times during the twelve (12) calendar months period (the Licence Period)² the Licence is valid, from the date of the Licence.

2.1 **The Gold Export Licence**

The Licence is non-transferrable and must be strictly used by the Authorised Gold Exporter to export its gold, and must not be lent to or be used by any other party to export gold or used to export third-party gold.

2.2 **Change of Overseas Importer**

Prior approval of the Central Bank must be obtained on each new unexecuted draft Gold Refining, Sale and Purchase Agreement ('the Agreement') by the Authorised Gold Exporter. The overseas importer must be a refiner and not a trader, and provide documentary evidence in support of its refiner status.

2.3 **Specific Authority to Export**

The Authorised Gold Exporter must submit and obtain a specific authority from the Central Bank on the Exchange Control Form G (Form G)³ for every shipment of gold. The Form must be accompanied by:

- (i) a signed pro-forma invoice clearly showing the expected USD receipts, weight in grams and ounces, and the spot US Dollar price used; and
- (ii) an assay report certified by the Mineral Resources Authority (MRA) or such other competent institution⁴.

¹ Alluvial Gold naturally contains some silver, so the requirements may apply to silver.

² If a "new" Licence is granted between January and 30 November of the current year, it would expire on 31 December of the following year. Thereafter, it will revert to 12 months Licence Period. For a new Licence granted any time in the month of December of the current year, it would expire on 31 December of the following year.

³ The Form is in quadruplicate.

⁴ An independent private or government institution which has the assaying facilities and capability to ascertain gold (and silver) contained in a sample.

2.4 **Gold Sales**

All dore or fine gold and silver sales undertaken outside Papua New Guinea must be strictly made in US Dollars, based on the London Bullion Market Association spot prices. Pre-payment for future delivery of physical gold is strictly not allowed.

2.5 **Export Receipts**

All receipts from gold and silver exports must be strictly paid for in US dollars. All export proceeds must be repatriated onshore within two (2) weeks from the date of export by the licensed exporter.

2.6 **Monthly Export Returns**

The Authorised Gold Exporter must submit Exchange Control Form G2 (Form G2) to the Central Bank, giving full details of all gold and silver sold during the reporting month. The Form G2 must be completed as 'Nil' if no exports were done during the reporting month. Where exports are made during the reporting month, the Form must be accompanied by the:

- (i) Yellow Form G fully completed and stamped by the commercial bank receiving or buying the export proceeds;
- (ii) Inward Credit Advice or Telegraphic Transfer Advice on export receipts;
- (iii) A stamped and dated Commercial/Tax Invoice of the overseas buyer showing the quantity and price of fine gold and silver purchased or sold;
- (iv) Customs Entry Form 15 (Form 15);
- (v) A stamped, signed and dated final outturn from the overseas refiner; and
- (vi) In the event of a dispute over assay results, a final signed and dated umpire's report.

The information on the documents must be thoroughly checked by a senior officer of the Authorised Gold Exporter to ensure correctness before submission. The Authorised Gold Exporter (not a third-party) must submit the returns which should reach the Central Bank by the 15th day of the month following the end of the reporting month.

2.7 **Changes to Bank Accounts**

The Central Bank must be notified of any changes to or replacement of the bank accounts of Part 2.4 of the Licensing Requirements.

2.8 **New Financing Contract**

The Central Bank must be provided full information if, after the grant of the Licence, the Licence holder executes a financing contract (directly or indirectly) with Non-residents, for the purpose of purchasing and exporting gold from PNG.

2.9 **New Gold Export Licence**

For licensed exporters, all new Licence applications must reach the Central Bank by 30th of November before the expiry of the Licence Period. Any application received after this date shall not be considered, and the current Licence shall expire at the end of the Licence Period.

A new applicant, which is not an existing Authorised Gold Exporter, can apply anytime during the year. Refer also to footnote 2.

A new Licence application must satisfy all of the information required under the Licensing Requirements. A new application which fails to meet the information required after six (6) months from the date of receipt by the Central Bank will be cancelled.

Note: Licenses for existing Authorised Gold Exporters cannot be renewed after their expiry dates. They are required to apply for a “new” Licence from the Central Bank.

2.11 Annual Licence Fee

A non-refundable licence fee of K5,000.00 by bank cheque must accompany the application for a Licence.

2.12 Change in Ownership of Authorised Gold Exporter

When there is a change in ownership, the holder of the Licence must advise the Central Bank and return the Licence for cancellation. The issued Licence will not be transferred to the new company and/or its owners.

The new owners will be required to submit a new gold export licence application for review, as the new owners and their operations will have to be assessed by the Central Bank.

2.13 Breaches

Any breach of the Operating Requirements, the Licence condition(s) and/or the Central Banking Regulation will result in the Central Bank deducting a portion or the whole amount of the performance bond or the Authorised Gold Exporter is liable for a minimum fine of one hundred thousand Kina (K100,000.00) or 25% of the total market value of the gold involved whichever is greater, or any other appropriate penalty as determined by the Central Bank.

2.14 Revocation of Licence

Subject to Part 2.13, the Licence will be revoked if the Central Bank considers that a serious breach has been committed by the Authorised Gold Exporter.

3. DEFINITIONS

Authorized Gold Exporter – means a company which has been licensed as a gold exporter for the purpose of Part III of the Central Banking Regulation and section 80 of the Act.

Central Banking Regulation - means the Central Banking (Foreign Exchange and Gold) Regulation.

Licensee – means an Authorised Gold Exporter.

Licensing Requirements – means the requirements set out in a separate document.

Operating Requirements – means the requirements set out under this document.

The Act – means the Central Banking Act 2000.

The Central Bank – means the Bank of Papua New Guinea established under the Act.