



## **BANK OF PAPUA NEW GUINEA**

### **REQUIREMENTS FOR GOLD EXPORT LICENCE**

#### **1. Background**

The provisions of the Central Banking (Foreign Exchange and Gold) Regulation, Chapter 138 governing gold dealings in Papua New Guinea were de-regulated in 1987 enabling all residents to buy and sell gold within Papua New Guinea. For export purposes, the Bank of Papua New Guinea has the sole authority to export gold overseas under the Central Banking (Foreign Exchange and Gold) regulations, Chapter 138. However, to ensure that alluvial gold buyers are not constraint from exporting their gold, the Bank of Papua New Guinea issues licenses to companies who meet the requirements to export gold from Papua New Guinea each year. The licences are valid for one (1) year.

#### **2. Requirements for Gold Export Licence**

The following are the main criteria which need to be satisfied before the Bank of Papua New Guinea would consider issuing a licence to export gold.

The Bank of Papua New Guinea would require;

1. documentary evidence of the incorporation and registration of the company in Papua New Guinea together with evidence of the issued and paid-up capital of the company which should be at least K25,000-00;
2. a performance bond of an amount not less than K75,000-00 in the first year of operation and upon the renewal of the licence the value of the guarantee would be adjusted to a figure not less than K75,000-00 or 0.75% of the previous calendar years annual turnover whichever is greater. The bond is to be deposited for 18 months with a bank in Papua New Guinea approved by the Central Bank.
3. The gold licence holder to be single purpose company;

4. Evidence of financial standing including bank references and the company's latest audited financial statements;
5. Details of the area of the country which you intend to serve;
6. Details of the expected turn-over in grams anticipated on annual basis;
7. Details of the persons overseas to whom you intend to sell the gold;
8. Details of the basis on which the proposed purchaser overseas will set the price that will be paid To Whom It May Concern: the company for the gold; and
9. Details of the arrangements that have to be made for the assay of the gold prior to its export from Papua New Guinea.

**3. Licence Fee**

There is no fee for the Gold Export Licence.

**4. Joint Ventures**

As far as joint ventures with non-residents are concerned, the Bank of Papua New Guinea would need to have all relevant information. Consent under the Central Banking Regulation will be needed for shares in a Papua New Guinea company to issue to non-residents.

**5. Further Queries**

Further queries regarding the Gold Export Licence can be directed to:

The Acting Manager  
International Transactions Monitoring Unit  
Economics Department  
Bank of Papua New Guinea  
P.O. Box 121  
**PORT MORESBY**  
National Capital District

Telephone: 3227200

Facsimile: 3211617

**CHECKLIST**  
**GOLD EXPORT LICENCE APPLICATION**

This is intended to assist the applicant in preparing and submitting a complete application, in the form and detail set out under the **“LICENCING REQUIREMENTS”** (Part 2) of the REQUIREMENTS FOR A GOLD EXPORT LICENCE<sup>1</sup>. Place tick in space (\_\_\_) alongside each item.

**1. Gold Export Business Plan (Part 2.1)**

- (\_\_\_) Full details of gold export business and the objectives, including the business model
- (\_\_\_) Organizational structure, incorporating the gold export business
- (\_\_\_) Overall Management structure, incorporating separately the gold the export business management structure
- (\_\_\_) Full details of sources of financing
- (\_\_\_) Provide cashflow forecast - Annexure 2

**2. Company Information (Part 2.2)**

- (\_\_\_) Company Incorporation Certificate - Form 5
- (\_\_\_) Company Business Name Registration Certificate - Form 2
- (\_\_\_) Foreign Company Registration Certificate – Form 4
- (\_\_\_) Company Extract of Shareholders from the IPA
- (\_\_\_) Consent of Proposed Directors of the Company – Form 10
- (\_\_\_) Contact Details

**3. Performance Bond (Part 2.3)**

- (\_\_\_) Original bank issued performance bond

**4. Bank Account Details (Parts 2.4)**

- (\_\_\_) Account numbers
- (\_\_\_) Currency of accounts
- (\_\_\_) Bank name(s)
- (\_\_\_) Name of place account(s) held

**5. Overseas Gold Buyer (Part 2.5)**

- (\_\_\_) Business name
- (\_\_\_) Postal and other contact details
- (\_\_\_) Information on nature of its business

**6. The Unsigned Draft Agreement (Part 2.6)**

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<sup>1</sup> Additional information may be submitted (or requested) where appropriate to clarify or supplement the requested information.

- Reference to the London Bullion Market Spot Price
- Price discount for gold and silver
- Percentage of gold and silver set aside before refining
- Offshore refining, assaying and safe-keeping costs
- Transportation, security, insurance and other export costs
- Name of party paying transportation, security, insurance and other export costs
- Schedule of quotations from valuable transportation companies

**7. Financing Contract, if applicable (Part 2.7)**

- A loan contract
- Equity capital contract

**8. Assaying and Refining (Part 2.8)**

- Letter confirming provision of local assaying and refining services
- Local assayer's educational qualifications
- Local technical competency certificate
- Letter confirming provision of offshore assaying and refining services

**9. Reference Letter and Bank Statement (Part 2.9)**

- A commercial bank reference letter
- A printout of bank account statement