

10 July 2026

TO: The Treasury

**RE: Consultation Paper: Capital Gains Tax reforms –
arrangements for innovative start-ups**

Introduction

The Association of Mining and Exploration Companies (AMEC) welcomes the opportunity to provide feedback on Capital Gains Tax (CGT) reforms and proposed arrangements for innovative start-ups. Mineral exploration shares many common economic characteristics with traditional tech start-ups: it is high-risk, capital-intensive, and early stage, with no or limited revenue and uncertain outcomes over long timeframes. Most exploration projects fail (around 1 in 1,000 become operating mines),¹ and investment relies on a small number of discoveries delivering outsized returns, meaning junior explorers depend on retail investors willing to accept high-risk, high-reward opportunities (with banks and superfunds preferring more predictable returns). This mirrors the venture-style investment model that the new Innovative Business CGT Concession (IBCC) is intended to support.

Exploration is also fundamentally a knowledge-creation process. It involves generating new geological understanding through scientific and technical methods, increasingly using advanced tools such as artificial intelligence, remote sensing, and data analytics. While the output is not a product or service, it represents a form of innovation that underpins significant downstream economic activity, including strengthening critical minerals supply chains which has been identified as a priority by the Government. Indeed, critical minerals processing is included in the National Interest Framework under the Australian Government's Future Made in Australia agenda (despite the fact critical minerals exploration in Australia has recently fallen by 30%).²

In the appendix, AMEC has modelled multiple years of companies data to evidence the volatile, high risk/high reward faced by investors in junior mineral exploration. We have also then estimated the capital gains that could have been made. These capital gains estimates mirror the volatility faced by a retail investor: disparate returns across the years. Some are extraordinary, some ordinary, and most near zero return.

The capital gains tax change is the Government taking the cream from the outsized years, and there are very few of those.

All the reward, without the risk.

About AMEC

AMEC is a national industry association representing over 550 member companies across Australia. Our members are mineral explorers, emerging miners, producers, and a wide range of businesses working in and for the industry. Collectively, AMEC's member companies account for over \$100 billion of the mineral exploration and mining sector's capital value. Mineral exploration and mining make a critical contribution to Australia's economy, directly employing over 314,000 people. In 2025-26, the industry generated \$383 billion in resource

¹ Fosterville Gold Mine, *Exploration FAQ's*, <https://fgmcommunity.com.au/faqs>

² IEA, *World Energy Investment 2026 Report*, <https://iea.blob.core.windows.net/assets/4fda38df-523c-46f5-ae75-49481abdc8fc/WorldEnergyInvestment2026.pdf>, p 26

exports, invested \$3.95 billion in exploration expenditure to discover future mines, and collectively paid over \$59.4 billion in royalties and taxes.

General comments

Nation building requires strategic patience, along with the need to raise committed and sustained private capital under the right policy settings. This market also demands a return in two to three years, not ten. Stable fiscal settings build investor confidence which can then be used to build capability, which is key for a future made in Australia and the long-term durability of Australian critical minerals industries.

The vast majority of Australian junior mineral exploration companies raise capital as ASX-listed entities almost from inception. Unlike tech start-ups, which typically raise several rounds of private venture capital before an IPO, exploration companies use the ASX listing itself (under Chapter 1 admission requirements for mining exploration entities) as their primary early-stage capital-raising mechanism, often listing within 1 to 2 years of incorporation with minimal assets beyond tenements and cash. The current design is directionally helpful but incomplete on a sector basis. Because the Innovative Business CGT Concession (IBCC) is only available on shares issued by an "unlisted and independent company," most junior explorers and their investors would be excluded from the concession as soon as (and often before) they raise meaningful capital.

Mineral explorers and juniors may face difficulty proving "innovation" under principles framed around product commercialisation, broad market scalability, and competitive advantage rather than subsurface discovery, geoscience process innovation, or resource definition value. The concession would be more appropriate for the sector if Treasury explicitly recognised exploration innovation, new extraction/process technologies, and data-driven discovery platforms as eligible forms of innovation. Along with the Treasury's proposed CGT reforms, the proposed sector-specific arrangements only serve to significantly deter future and further investment in mineral explorers having already seen the cessation of the Junior Minerals Exploration Incentive (JMEI).

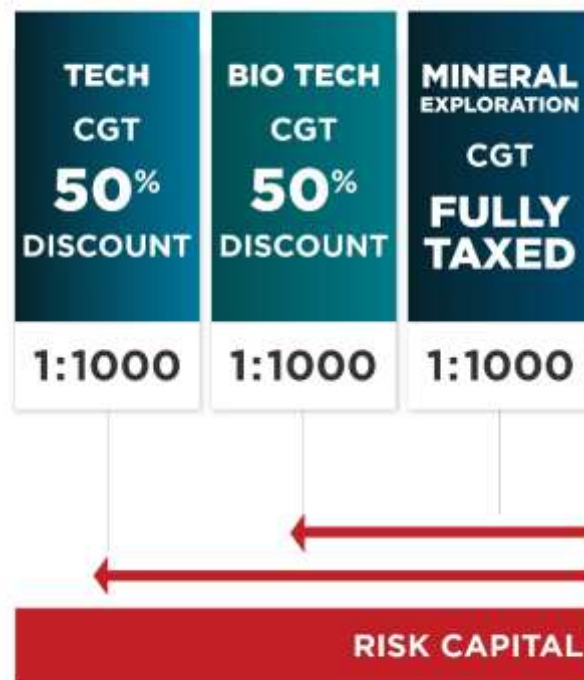
Exemption

AMEC asks that the Treasury draft an express statutory exemption for mineral exploration companies from the proposed amendments to Capital Gains Tax.

For the reasons outlined above, and below in answers to the consultation questions, mineral exploration is how future mines are discovered. To have a future made in Australia and the critical minerals sector we need to keep discovering mines.

The exemption for the technology sector is a tacit admission that the Capital Gains Tax discount incentivises investment. The Government however, is picking the technology sector as the winner, despite mineral exploration sharing identical characteristics.

Mineral exploration companies have been a directly substitutable investment choice for an investor with technology startups until now. If the Government uses the taxation system to incentivise technology over mineral exploration, we expect that these changes will not lead to a "business as usual outcome" for mineral exploration investment, but a worse position. The government is incentivising investors to substitute mineral exploration with technology investment. To avoid that negative impact on our sector, if we cannot be exempted, we ask that the Government strive for an equitable and even playing field.



Recommendation:

- The Government exempt mineral exploration from the amendments to the Capital Gains Tax.
- If no exemption is implemented for mineral exploration, then there should be no exemption implemented for any other industries, to preserve an equal footing for risk capital investment.

Consultation Questions

As already stated, AMEC considers that the Government should exempt mineral exploration from the amendments to the Capital Gains Tax. For completeness, AMEC has answered the consultation questions as framed by the Treasury.

1. Does the proposed Innovative Business CGT Concession (IBCC) provide an appropriate arrangement to support investment in innovative start-up businesses in the context of the Government's CGT reforms and other support for innovative start-ups?

For mineral exploration, the IBCC's appropriateness is doubtful in its current form as it favours the tech funding model (rounds of private seed capital then IPO) over the resources sector model (early IPO then subsequent public placements, rights issues, etc) and the "unlisted" eligibility gate would exclude the sector almost entirely from the discount, even though junior explorers are exactly the kind of high-risk, loss-making, high-growth-potential businesses the measure is meant to support.

The Early-Stage Innovation Company (ESIC) tax criteria referenced by the IBCC have also historically been difficult for early exploration companies to adequately satisfy so without

broader inclusion (e.g., via exploration-specific criteria), the IBCC risks being unavailable in practice to most of the junior resources sector.

Recommendation:

- **The Government should revise the IBCC framework and grant the mineral exploration sector an exemption.** The framework must explicitly recognise mineral exploration as a form of high-risk, early-stage economic activity with characteristics equivalent to innovative start-ups and grant mineral exploration an exemption. This would ensure that investment in exploration is treated consistently and not disadvantaged relative to other sectors competing for risk capital.

2. Does the 10-year age limit and turnover threshold of \$50 million appropriately target small innovative start-ups?

Explorers typically have zero turnover for many years, so they would easily sit under the \$50 million threshold, however the discovery to production timelines typical in mineral exploration would make the 10-year age limit more problematic.

Multi-stage regulatory and approvals timeframes, project financing, cultural heritage processes, and geological/technical complexity could all add significantly to project timelines that may well extend beyond the 10-year expiry limit for concession eligibility.

Recommendation:

- **Unless granting an exemption, the Government should replace the rigid 10-year age limit with a more flexible, activity-based or project-stage test.** This better reflects whether a company remains in a high-risk, pre-commercial phase. Alternatively, mineral exploration should be explicitly included in extended eligibility settings of at least 15 years, recognising the inherently long development timelines of the sector.

3. What eligibility criteria for a longer 15-year age limit would be appropriate for firms in sectors such as biotech, medtech and deep tech that take longer to commercialise (for example, due to regulatory requirements)?

While there may be an argument for extensions to the age limit for the sectors referenced in the consultation question, the same discovery to development time impediments and challenges for mineral explorers cited in question 2 would still be relevant even with the addition of a further five years of concession eligibility. The consultation paper recognises consideration may be necessary for longer age limits for certain sectors because of commercialisation delays.

If time to commercialise considerations were acknowledged to persist elsewhere for analogous reasons across other sectors, a strong case exists for extending the same 15-year (or longer) treatment to mineral exploration and critical minerals development to encourage investment and avoid market distortion against those comparably long-cycle sectors facing similar structural delays, provided there is clear evidence of ongoing exploration and advancement rather than passive asset holding.

Recommendation:

- **Unless granting an exemption, The Government should include mineral exploration within the scope of extended eligibility (at least 15 years).** Further, it should establish sector-neutral criteria based on project maturity, capital intensity, and be premised on ongoing development activity. This will ensure that all industries with comparable risk profiles are treated consistently.

4. Are the proposed innovation principles appropriate and workable?

The proposed principles are carried over from the existing ESIC test where mineral exploration companies have historically struggled to satisfy the ESIC "innovation" test, because ATO guidance and administrative practice tend to characterise geological discovery and resource extraction as an established/traditional industry activity rather than the development of a "new or significantly improved" product or service. For mineral exploration and juniors, the principles would be more workable if the consultation paper expressly acknowledged that innovation can lie in process, technical method, data integration, or resource conversion, not only in a new end-product.

Without clarification or a resources-specific innovation pathway, the principles as drafted risk excluding the mineral exploration sector almost by default, regardless of the genuine risk and spillover characteristics exploration shares with tech start-ups. Treasury should also avoid requiring "including global markets" language too rigidly, as many successful junior explorers are project-specific entities where value is realised through discovery, farm-in, joint venture, or takeover rather than as direct product sales into a global market.

Recommendation:

- **Unless granting an exemption, the Government should broaden the definition of innovation to include resource discovery and development activities.** Further, it should recognise sectors where innovation is expressed through scientific discovery rather than product commercialisation. Alternatively, a distinct eligibility pathway should be established for industries such as mineral exploration that do not fit traditional innovation models.

5. Is the five-year minimum holding period appropriate to be consistent with a long investment horizon?

The holding period is appropriate in principle for encouraging patient capital rather than short-term tax planning, but exploration cycles often require flexibility or longer effective time horizons. Mineral explorers rely on continuous capital raising through multiple placements and rights issues once listed and longer-term investors in this sector demand earlier liquidity to participate in future raisings or respond to exploration results. For juniors, this could still deter investors if combined with other barriers or more broadly if the final concession relies on a clean alignment between tax timing and project development timing.

Recommendation:

- **Unless granting an exemption, the Government should retain the five-year holding period but introduce flexibility to accommodate partial realisation events that are inherent to exploration project development.** This should include recognition of staged investments, joint venture arrangements, and asset-level transactions, ensuring that capital recycling is not discouraged.

6. Does a \$10 million lifetime cap appropriately balance support for investment with the need for concessions to be well-targeted and proportionate?

For typical retail and early-stage investors in junior explorers, a \$10 million lifetime cap on gains is unlikely to bind, as individual gains of this scale are uncommon outside major discovery/takeover events. It may, however, be relevant to cornerstone investors, founders, or professional early-stage backers who fund pre-IPO exploration vehicles and later benefit from a major discovery re-rating, invest across multiple projects, or accumulate several exploration wins over time.

Given that mineral exploration is not included for consideration among the nominated sector concessions, the cap is largely immaterial for the exploration sector as currently designed as the binding constraint is eligibility (unlisted status and the innovation test), and not the cap itself.

Recommendation:

- **Unless granting a full exemption, the Government should consider increasing or introducing flexibility to the lifetime cap for sectors characterised by high-risk, discovery-driven investment models.** Alternatively, a tiered cap system could be introduced, allowing higher thresholds for investments supporting nationally significant sectors such as mineral exploration and critical minerals development.

7. Are the proposed transition arrangements for shares in start-ups issued before 30 June 2027 appropriate and workable?

The overwhelming majority of mineral explorers would not qualify for transitional relief on existing shareholdings, regardless of how long those shares have been held or how much genuine risk capital was invested. Only unlisted, pre-IPO exploration vehicles as at 30 June 2027 would potentially benefit, and only if they can also satisfy the innovation principles as discussed in question 4.

Recommendation:

- **Unless granting a full exemption, the Government should amend the transition rules to allow inclusion of listed early-stage companies or create a specific pathway for junior mineral explorers that meet defined criteria.** This will ensure that existing investors are not disadvantaged and that the transition to the new CGT framework is applied fairly across sectors – including those that have strategic importance.

Final remarks

As drafted, the IBCC's core eligibility conditions are likely to exclude mineral exploration and junior resources companies from a concession that is otherwise conceptually well-suited to high-risk, long horizon, pre-revenue and zero cost base businesses. As the Government has done previously through the JMEI in supporting the resources sector's need for early-stage patient risk capital, the concession (and consultation response) would need to also seek either: (a) an alternative or supplementary innovation test tailored to exploration/technology-enabled resources activity, and/or (b) recognition that early ASX listing is the standard capital-raising pathway for mineral explorers and should not automatically disqualify otherwise eligible early-stage shareholders, at least for a defined period post-listing.

The IBCC represents a step toward supporting high-risk, early-stage investment, however, its current design reflects a narrow group of beneficiaries and a narrow conception of innovation that does not adequately consider the mineral exploration sector. Exploration shares the same core characteristics as innovative start-ups but is excluded due to misaligned eligibility settings. To this end, it needs to be clearly explained by government why the advantage will be given to, on average, wealthy venture capitalists and angel investors in tech start-ups, compared to retail investors in mineral exploration. Without targeted adjustments, the policy risks distorting capital allocation, reducing investment attractiveness, and undermining a critical upstream industry that supports Australia's long-term economic growth and strategic resource security.

The Government should adopt a broader, principles-based eligibility framework that recognises mineral exploration as a high-risk, innovation-equivalent activity and ensures that it is afforded comparable treatment within the CGT system. Meaning that the mineral exploration should be exempted from the Capital Gains Tax as it has the same characteristics as the technology sector.

AMEC welcomes the opportunity for continued consultation with Treasury regarding the Response to Treasury Laws Amendment (Tax Reform No.1) Bill 2026.

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APPENDICES

Appendix 1:

Mineral exploration companies returns modelled if shares held continuously for 5 years.

Appendix 2:

Overall Capital Gain and Tax Revenue from Mineral Exploration

Appendix 3:

Member and Investor Surveys

Appendix 4:

Six modelled Investor examples – Impact on Investors

Appendix 5:

AMEC Capital Gain / Loss and CGT Comparison – 3 Modelled Scenarios across entirety of ASX Listed Mineral Exploration Companies

APPENDIX 1:

Returns for ASX listed mineral exploration companies

AMEC has modelled, using Austex Resource Opportunities data, ASX listed mineral exploration companies, if shares were held continuously for a 5year period, from 31 Dec 2021 to 26 Jun 2026:

Measure	Result
Mineral exploration population	624
Companies with usable five-year return data	234
Companies without usable five-year return data	390
Average shareholders return	-68.75%
Median shareholders return	-78.62%
Mode shareholders return	-57.14%
Standard deviation of return	28.86% points
Companies with positive share-price gain	9
Average return from those 9 companies	27%
Assuming perfect information:	
Assuming perfect timing with sale at top of market, average return	105.31%
Best single return, assuming perfect timing with sale at price peak	2,974.07%

APPENDIX 2: Overall Capital Gain and Tax Revenue from Mineral Exploration – Year on Year

AMEC has modelled, using Austex Resources Data, three 13-month periods (from the available 5-year data set) that correspond to a high point in exploration expenditure in Australia across all ASX listed mineral exploration companies.

These years could fairly be described as some of the best years experienced by the industry, and the most recent financial year (2025/26) modelled here in Scenario 1, as one of the best years on record. Consequently, this reflects a high point for capital gain and for potential government revenue.

Scenario 1, which AMEC estimates is likely a 1 in 20 year (or more) event, is the only scenario that sees a significant capital gain tax revenue return. Even in Scenarios 2 & 3 which were comparably good years for the mineral exploration sector, see miniscule government capital gain returns.

This model, also substantially inflates the capital gain tax revenue that would be received by Government as it imagines that all shares, in all mineral exploration companies are sold at the end of the 13 month period, which of course would not happen.

These modelled scenarios could fairly be seen as a high point for the mineral exploration sector and consequently reflect where Government could receive a higher revenue gain from removing the discount.

In downturn parts of the cycle (eg. Between 2012 – 2018), it is extremely unlikely that Government will receive much, if any, capital gain revenue, from mineral exploration investment, given losses are certain to be greater than gains.

Metric	Scenario 1 2025-2026	Scenario 2 2023-2024	Scenario 3 2022-2023
Buy snapshot	23 May 2025	20 January 2023	25 March 2022
Sale snapshot	26 June 2026	23 February 2024	28 April 2023
Companies analysed*	647	607	549
Gain-making companies	369	94	80
Loss-making companies	247	508	461
Flat / nil-gain companies	31	5	8
Total invested	\$6.47bn	\$6.07bn	\$5.49bn
Gross capital gains	\$15.59bn	\$2.70bn	\$1.71bn
Gross capital losses	\$872.77m	\$2.61bn	\$2.22bn
Net capital gain / loss after losses	\$14.71bn	\$84.91m	-\$513.39m
CGT without 50% discount	\$6.91bn	\$39.90m	\$0
CGT with 50% discount	\$3.46bn	\$20.00m	\$0
Avg CGT per investor position with discount	\$17,813	\$110	\$0

**Number of companies differ based on the available comparative data.*

The sector relies heavily on frequent capital raising, with 60 - 80% of companies raising funds each quarter. Most companies are non-producing, with valuations driven by future discovery potential rather than current earnings.

Around 70 - 90% of companies have little or no debt, as they are primarily funded through equity markets (largely retail investors).

Quarterly exploration spend typically ranges from \$200,000 to \$2 million, but can exceed \$10 million, with uncertain outcomes and low success rates.

Junior exploration companies seeking an ASX listing must meet IPO rules, including having at least 300 shareholders to ensure sufficient liquidity. Recent ASX exploration IPOs have depended heavily on retail investors, typically allocating around 50% of shares to them as institutional investors rarely participate at this early, high-risk stage.

As of May 2026, the ASX had 1,829 companies and 440 ETFs, with mining the largest sector at 40% of listings (738 companies), including 377 juniors under \$30 million making up 51% of the sector and 21% of the total market,³ while IT makes up around 4% of the market overall size.⁴

Mining and Mineral Exploration also makes up the majority of IPOs in Australia, nearly 5 times as many as the Tech and BioTech sectors combined.

YEAR	MINING & MINERAL EXPLORATION	PURE TECH IPOs (SOFTWARE & IT)	BIOTECH & MEDTECH IPOs
2020	30 listings	8 listings	11 listings
2021	106 listings	9 listings	16 listings
2022	64 listings	3 listings	2 listings
2023	25 listings	2 listings	1 listing
2024	15 listings	1 listing	4 listings
2025	22 listings	4 listings	1 listing
TOTAL	262 Mining IPOs	27 Pure Tech IPOs	35 Biotech/Medtech IPOs

Juniors account for approximately 64% of total value generated in the exploration sector, despite being smaller companies.

Over the last decade, analysis by the WA Government has shown that Australia's exploration sector has created approximately \$1.38 in value for every dollar invested, indicating overall positive returns, with outcomes varying significantly across company types. Junior companies generated around \$2.10 per dollar spent, while larger mining firms achieved only about \$0.58 per dollar⁵.

³ <https://www.listcorp.com/asx>

⁴ <https://www.asx.com.au/blog/investor-update/2026/time-to-buy-tech>

⁵ <https://www.wa.gov.au/government/publications/eis-economic-impact-reports>

Mineral exploration is highly speculative

Using *Austex Resources data*, the following observations are able to be made about the state of the mineral exploration sector.

Around 85 - 90% of mineral exploration companies generate little or no revenue.

Only a small minority generate meaningful revenue, typically in the tens to hundreds of millions of dollars. Even companies with \$100 million to \$500 million plus market capitalisations often have no meaningful revenue, such as Chalice Mining (approximately \$529 million market cap and around \$62,000 in revenue).

Exploration companies are overwhelmingly non-producing, meaning valuations are based on future discovery potential rather than current earnings.

Explorers operate with negative cashflow

Using *Austex Resource Opportunities data*, expenditure over the 5-year period:

Around 85 - 95% of companies report negative operating cash flow. Typical quarterly cash expenditure includes:

- Median: approximately \$800,000 to \$1.2 million.
- Common range: approximately \$300,000 to \$2 million in negative cash flow per quarter.

Around 60–70% of companies have less than 3 quarters of cash remaining.

Around 30–40% have less than 2 quarters of cash.

Around 10–20% have less than 1 quarter of cash.

Around 5% effectively have no remaining cash.

For example, Akora Resources has approximately 0.8 quarters of cash remaining.

High cash expenditure explorers (a minority) include:

- \$5 million to \$20 million or more per quarter, such as Firefly Metals (approximately \$19 million).

As a result, the sector is structurally cash-negative and dependent on continuous funding to survive. A significant proportion of companies have less than 6 - 12 months of cash available, creating ongoing funding pressure and heightened financial instability.

Why exploration is inherently difficult

Using *Austex Resource Opportunities data*, expenditure over the 5-year period, is as follows:

Typical exploration spend is \$200,000 to \$2 million per quarter.

Advanced programs can range from \$3 million to \$10 million plus per quarter (such as Encounter Resources which has an exploration spend of around \$3 million to \$5 million per quarter).

Extreme cases can include even higher figures (such as Firefly Metals at \$19 million per quarter).

Exploration requires large, ongoing capital investment with uncertain outcomes, and most projects never reach production.

Exploration funding model

Exploration companies survive primarily through external funding, not operating income.

Approximately 60 - 80% of companies raised capital during the last quarter.

Typical raise sizes included \$1 million - \$10 million (small explorers), \$10 million - \$50 million (mid-tier) such as Dreadnought Resources (around \$25 million raised), \$50 million - \$200 million plus (large raises) – such as Brightstar (\$193 million raised).

Mineral explorers reliant on retail investors

Banks rarely fund exploration risk. Equity markets (primarily retail investors) fund the majority of the sector.

Around 70 - 90% of companies have little or no debt. Many companies show \$0 debt but significant capital raising. Debt is typically only used in later-stage or producing assets.

As an example, Encounter Resources has \$0 debt but \$15 million in capital raising, Kairos Minerals has \$0 debt but \$10 - \$15 million in capital raising and Alligator Energy has \$0 debt and approximately \$13 million in capital raisings.

Mineral explorers rely on repeated share issuance

Companies typically raise capital repeatedly through new share issuance, while continuing to invest in exploration activities, requiring ongoing rounds of funding and resulting in repeated investor dilution even in the absence of successful project outcomes.

Financing inflows often exceed operating cash outflows, highlighting that companies are sustained primarily through external funding rather than operating income.

For example, Brightstar Resources raised approximately \$193.7 million in capital while still reporting negative operating cash flow of around \$12.9 million.

Market instability and volatility

Companies often receive large capital inflows (typically between \$10 million and \$100 million), followed by rapid and sustained expenditure (commonly between \$2 million and \$10 million or more per quarter).

As a result, cash balances rise and fall quickly, with companies typically following a “raise – spend – raise again” funding cycle.

This structure means company survival is highly dependent on market conditions and continued investor funding, exposing the sector to boom–bust cycles and periods of heightened volatility.

Mineral explorers dependent on pricing the future, not the present

Company value is based on future potential, not current performance.

- Prices move with news, sentiment, and commodity trends which leads to high volatility and price swings.
- Many companies have high market value (\$50 million - \$500 million) but little or no revenue and ongoing losses. For example, Chalice mining has \$529 million market cap and no meaningful revenue with negative cashflow (due to negative and ongoing exploration spend). However, its value is based on future project potential (the Julimar project), exposure to high-demand commodities (nickel and copper) and strong investor interest and market sentiment. Its share price depends on exploration results and news updates.
- As such, sentiment drives valuation because investors are pricing what a company might achieve in the future, rather than what it is currently earning. Positive news, strong commodity prices, or excitement around discoveries can increase investor confidence, pushing share prices higher even without revenue. Conversely, negative news or weak market conditions reduce confidence, causing valuations to fall quickly, making these stocks highly volatile.

APPENDIX 3:

Surveys

AMEC Member Survey (June 2026)

AMEC surveyed members and 55 ASX listed mineral exploration companies responded.

- Majority first listed on ASX between 2000-2007 (28%) and 2020-22 (26%).
- The majority listed via IPO – with smaller proportions using demerger, and relisting.
- 43% of organisations raised between \$5 million and \$10 million.
- 44% had a market capitalisation of \$10 million to \$25 million.
- At the time of listing, share registries were most commonly held by retail investors varied from between 20% to 100% with most having more than 50%.
- Currently, retail investors still hold significant portions (21-50%), with SMSF (11-20%) and institutional investors (0-20%) also prominent.

AMEC Investor Survey (June 2026)

AMEC surveyed its investor database, with 139 respondents.

- 71% identified as individual retail investors in ASX-listed junior exploration and mining companies.
- 40% of respondents invested between \$50,000 and \$250,000 in the past 12 months, while 23% invested \$250,000 to \$1 million.
- 51% said the current treatment of CGT is essential to their investment decision, and 34% said its very important.
- 85% said if proposed CGT changes were legislated they would reduce or exit their investment, while only 15% would make no material change.
- No respondents said they would increase their investment post CGT changes.
- 59% said they were reducing their exposure to early-stage explorers.
- 74% expect a to limit their participation in capital raising due to CGT changes.

APPENDIX 4:

Six Modelled Investor Examples – Impact on Investors

Using data from Austex Resource Opportunities, AMEC modelled Capital Gains tax comparison of returns with and without the 50% CGT discount, using share-price movements only. To demonstrate the reality of mineral exploration investment, and the impact on the potential reward by CGT reforms, AMEC has created 6 investor examples, that reflect a typical investor profile (investment spread across multiple companies).

Table 2: Investor Example Comparisons (Overall Investment Outcome).

This table compares each modelled investor by net capital gain and the additional tax payable with and without the 50% CGT discount.

Investor	Total invested	Net capital gain	Taxable gain with 50% Discount	Tax paid with 50% discount	Tax paid if discount removed	Extra tax if discount removed
Investor 1	\$25,000	\$87,511	\$43,756	\$17,365	\$37,930	\$20,565
Investor 2	\$25,000	\$10,036	\$5,018	\$1,957	\$3,914	\$1,957
Investor 3	\$25,000	\$0	\$0	\$0	\$0	\$0
Investor 4	\$25,000	\$0	\$0	\$0	\$0	\$0
Investor 5	\$25,000	\$4,957	\$2,479	\$967	\$1,933	\$967
Investor 6	\$25,000	\$643,654	\$321,827	\$148,059	\$299,318	\$151,259

Assumptions used in examples

- Each investor invests \$25,000 total, spread across five companies at \$5,000 per company.
- All investments are sold on 27 February 2026, so the tax year modelled is 2025-26.
- All assets are assumed to have been held for more than 12 months, so the current 50% CGT discount applies where there is a net capital gain.
- Capital losses are applied against capital gains before the CGT discount is applied.
- The Example Investors earns a salary of \$150,000 per annum and is an Australian resident taxpayer.
- Tax figures include the 2% Medicare levy and are rounded to the nearest dollar.
- The model ignores brokerage, franking credits, cost-base adjustments, carried-forward losses, tax offsets and Medicare levy surcharge.

For each company, the sale proceeds were modelled by comparing the amount invested with the movement in share price from the purchase date to the realisation date. The core formula used was: sale proceeds = amount invested x sell price / buy price. The profit or loss is then sale proceeds less the amount invested.

For taxation, all capital gains are added, capital losses are deducted, the 50% CGT discount is applied where eligible, and the taxable capital gain is added to the \$150,000 salary.

Investor 1

Code	Company	Buy date	Sell date	Buy price	Sell price	Invested	Sale proceeds	Profit / loss
C7A	Clara Resources	15 Nov 2024	27 Feb 2026	0.7c	0.3c	\$5,000	\$2,143	-\$2,857
TG1	TechGen Metals	12 May 2023	27 Feb 2026	8.4c	5.2c	\$5,000	\$3,095	-\$1,905
TAS	Tasman Resources	23 Feb 2024	27 Feb 2026	0.4c	5.7c	\$5,000	\$71,250	+\$66,250
PUR	Pursuit Minerals	24 Jun 2022	27 Feb 2026	1.6c	11.5c	\$5,000	\$35,938	+\$30,938
GLL	Galilee Energy	6 May 2022	27 Feb 2026	35.0c	0.6c	\$5,000	\$86	-\$4,914

Tax working item	Amount
Gross capital gains	\$97,188
Capital losses	-\$9,676
Net capital gain before discount	\$87,511
Taxable capital gain with 50% discount	\$43,756
Additional tax with discount	\$17,365
Additional tax if discount removed	\$37,930

Investor 2

Code	Company	Buy date	Sell date	Buy price	Sell price	Invested	Sale proceeds	Profit / loss
KZR	Kalamazoo Resources	30 Sep 2022	27 Feb 2026	20.0c	19.0c	\$5,000	\$4,750	-\$250
SKY	Sky Metals	16 Dec 2022	27 Feb 2026	4.9c	17.5c	\$5,000	\$17,857	+\$12,857
RDM	Red Metal	21 Apr 2023	27 Feb 2026	8.0c	16.0c	\$5,000	\$10,000	+\$5,000
KNI	Kuniko Limited	20 Oct 2023	27 Feb 2026	28.0c	5.6c	\$5,000	\$1,000	-\$4,000
AOA	Ausmon Resources	31 Dec 2022	27 Feb 2026	0.7c	0.2c	\$5,000	\$1,429	-\$3,571

Tax working item	Amount
Gross capital gains	\$17,857
Capital losses	-\$7,821
Net capital gain before discount	\$10,036
Taxable capital gain with 50% discount	\$5,018
Additional tax with discount	\$1,957
Additional tax if discount removed	\$3,914

Investor 3

Code	Company	Buy date	Sell date	Buy price	Sell price	Invested	Sale proceeds	Profit / loss
HAV	Havilah Resources	21 Oct 2022	27 Feb 2026	28.5c	65.5c	\$5,000	\$11,491	+\$6,491
MTL	Mantle Mining	22 Dec 2023	27 Feb 2026	0.3c	0.1c	\$5,000	\$1,667	-\$3,333
LIO	Lion Energy	8 Sep 2023	27 Feb 2026	2.4c	1.7c	\$5,000	\$3,542	-\$1,458
S2R	S2 Resources	2 Jun 2023	27 Feb 2026	13.0c	7.0c	\$5,000	\$2,692	-\$2,308
PLC	PLC Resources	21 Oct 2022	27 Feb 2026	40.0c	1.1c	\$5,000	\$138	-\$4,863

Tax working item	Amount
Gross capital gains	\$6,491
Capital losses	-\$11,962
Net capital gain before discount	\$0
Taxable capital gain with 50% discount	\$0
Additional tax with discount	\$0
Additional tax if discount removed	\$0

Investor 4

Code	Company	Buy date	Sell date	Buy price	Sell price	Invested	Sale proceeds	Profit / loss
PBL	Parabellum Resources	3 Feb 2023	27 Feb 2026	50.0c	7.8c	\$5,000	\$780	-\$4,220
ALV	Alvo Minerals	4 Aug 2023	27 Feb 2026	25.0c	3.6c	\$5,000	\$720	-\$4,280
ARN	Aldoro Resources	28 Jan 2022	27 Feb 2026	33.5c	39.0c	\$5,000	\$5,821	+\$821
GLN	Galan Lithium	16 Aug 2024	27 Feb 2026	13.5c	41.5c	\$5,000	\$15,370	+\$10,370
RCR	Rincon Resources	28 Jun 2024	27 Feb 2026	11.0c	1.6c	\$5,000	\$727	-\$4,273

Tax working item	Amount
Gross capital gains	\$11,191
Capital losses	-\$12,773
Net capital gain before discount	\$0
Taxable capital gain with 50% discount	\$0
Additional tax with discount	\$0
Additional tax if discount removed	\$0

Investor 5

Code	Company	Buy date	Sell date	Buy price	Sell price	Invested	Sale proceeds	Profit / loss
MDI	Middle Island Resources	15 Nov 2024	27 Feb 2026	1.6c	5.1c	\$5,000	\$15,938	+\$10,938
CAY	Canyon Resources	11 Feb 2022	27 Feb 2026	9.1c	17.5c	\$5,000	\$9,615	+\$4,615
YUG	Yugo Metals	29 Jul 2022	27 Feb 2026	17.5c	4.2c	\$5,000	\$1,200	-\$3,800
BNL	Big Star Energy	17 Feb 2023	27 Feb 2026	3.2c	0.5c	\$5,000	\$781	-\$4,219
RCM	Rapid Critical	28 Jan 2022	27 Feb 2026	13.0c	6.3c	\$5,000	\$2,423	-\$2,577

Tax working item	Amount
Gross capital gains	\$15,553
Capital losses	-\$10,596
Net capital gain before discount	\$4,957
Taxable capital gain with 50% discount	\$2,479
Additional tax with discount	\$967
Additional tax if discount removed	\$1,933

Investor 6 - WA1 example

Note: To provide an example of an 'outsized return', and the impact of removing the capital gain discount on the sought after reward, this example included a timely investment in WA1, just prior to their significant critical mineral niobium discovery.

Code	Company	Buy date	Sell date	Buy price	Sell price	Invested	Sale proceeds	Profit / loss
WA1	WA1 Resources	25 Oct 2022	27 Feb 2026	13.5c	1,753.0c	\$5,000	\$649,259	+\$644,259
PL9	Prairie Lithium	4 Oct 2024	27 Feb 2026	1.6c	0.7c	\$5,000	\$2,188	-\$2,813
QEM	QEM Limited	16 Aug 2024	27 Feb 2026	13.0c	4.3c	\$5,000	\$1,654	-\$3,346
CXO	Core Exploration	22 Mar 2024	27 Feb 2026	15.5c	26.0c	\$5,000	\$8,387	+\$3,387
EQX	Equatorial Resources	29 Mar 2024	27 Feb 2026	15.0c	21.5c	\$5,000	\$7,167	+\$2,167

Tax working item	Amount
Gross capital gains	\$649,813
Capital losses	-\$6,159
Net capital gain before discount	\$643,654
Taxable capital gain with 50% discount	\$321,827
Additional tax with discount	\$148,059
Additional tax if discount removed	\$299,318

Implications

The 50% CGT discount has the greatest dollar impact where the capital gain is largest. In the WA1 example, removing the discount increases the modelled additional tax from approximately \$148,059 to approximately \$299,318, an increase of around \$151,259.

In the lower-gain examples, the discount still halves the taxable capital gain, but the dollar difference is smaller. In examples where losses exceed gains, there is no modelled capital gains tax payable under either scenario.

In short, it substantially changes the Risk / Reward profile for investors. As demonstrated in the paper, the likelihood of profitable investment is low at the best of times, and the probability of hitting the jackpot with a 'outsized return' is incredibly low.

Equally, the revenue likely to be raised by Government in this area, also appears to be largely insignificant, while the impact on investor sentiment and continuing investment in mineral exploration looks considerably higher.

And while some may believe that investors will continue to chase outsized returns even without the capital gains 50% discount, the implementation of a carve-out for the Tech and BioTech sectors, each offering a similar risk / reward profile, may unfairly see mineral exploration investors seek these returns where their potential reward is still protected by a carve out.

APPENDIX 5:

AMEC Capital Gain / Loss and CGT Comparison – 3 Modelled Scenarios across entirety of ASX Listed Mineral Exploration Companies

In an effort to understand the potential revenue return from Government, AMEC has modelled 3 13-month periods (from the available 5-year data set from Austex Resources) that correspond to a high point in exploration expenditure in Australia across all ASX listed mineral exploration companies.

These years could fairly be described as some of the best years experienced by the industry, and the most recent financial year (2025/26) modelled here in Scenario, as one of the best years on record. Consequently, this reflects a high point for capital gain and for potential government revenue.

This model, also substantially inflates the capital gain tax revenue that would be received by Government as it imagines that all shares, in all 647 mineral exploration companies are sold at the end of the 13 month period, which of course would not happen.

These modelled scenarios could fairly be seen as a high point for the mineral exploration sector and consequently reflect where Government could receive a higher revenue gain from removing the discount.

In downturn parts of the cycle (eg. Between 2012 – 2018), it is extremely unlikely that Government will receive much, if any, capital gain revenue, from mineral exploration investment, given there is unlikely to be capital gain to tax.

Comparison Table: Three All

Metric	Scenario 1 2025-2026	Scenario 2 2023-2024	Scenario 3 2022-2023
Buy snapshot	23 May 2025	20 January 2023	25 March 2022
Sale snapshot	26 June 2026	23 February 2024	28 April 2023
Companies analysed	647	607	549
Gain-making companies	369	94	80
Loss-making companies	247	508	461
Flat / nil-gain companies	31	5	8
Total invested	\$6.47bn	\$6.07bn	\$5.49bn
Gross capital gains	\$15.59bn	\$2.70bn	\$1.71bn
Gross capital losses	\$872.77m	\$2.61bn	\$2.22bn
Net capital gain / loss after losses	\$14.71bn	\$84.91m	-\$513.39m
CGT without 50% discount	\$6.91bn	\$39.90m	\$0
CGT with 50% discount	\$3.46bn	\$20.00m	\$0
Avg CGT per investor position with discount	\$17,813	\$110	\$0

Assumptions

The 13-month period was chosen as a simple way of comparing time periods and enabling an easy way to model the impact on capital gain revenue for government, both with and without the 50% discount.

- Investment Assumption: \$10m total investment pool per company.
(Common capital raises are usually between \$5-\$10M).
- Investor Assumption: 300 separate investors per company; \$33,333.33
invested by each investor in that company.
- Tax Assumption: 47% total tax rate, being 45% top marginal tax rate plus
2% Medicare levy (Highest bracket chosen)
- Investor treatment: Investor positions are modelled at aggregate scenario
level for loss-offset purposes, so losses are offset
against gains before calculating tax.
- CGT Discount Case: 50% CGT discount modelled as an alternative case for
eligible Australian resident individual investor.

For each scenario, gross capital losses are offset against gross capital gains first. CGT is then calculated only on the remaining net capital gain. If the result is a net capital loss, no CGT is payable in that scenario.

The 2025-2026 scenario produces the largest taxable outcome after losses, with an estimated \$6.91 billion of CGT without the 50% discount, or \$3.46 billion with the 50% CGT discount. The 2023-2024 scenario remains positive but with materially lower CGT. The 2022-2023 scenario produces a net capital loss and no CGT payable.

Methodology

For each company, the model uses the applicable buy snapshot and sale snapshot for the relevant 13-month period. The number of shares notionally acquired is calculated by dividing the \$10 million investment pool by the buy price. Sale proceeds are then calculated by multiplying the notional share count by the sale price.

The company-level capital gain or loss equals sale proceeds less the original \$10 million investment pool. Because the same investment pool is used for every company, percentage return and dollar gain/loss rankings are aligned.

For tax purposes in this revised report, gross losses are offset against gross gains at the scenario level. Where net capital gain is positive, CGT is calculated at 47%. Where the 50% discount case is shown, the net capital gain is halved before applying the 47% tax rate. Where net capital gain is negative, CGT is shown as nil.

Scenario 1: May 2025 - June 2026

This scenario is modelled using data from the previous financial year, and a reflect an extraordinary period of mineral exploration share performance, primarily driven by the exceptional and sustained gold price, lifting the entire market performance.

Dataset metric	Result
Companies analysed	647
Companies excluded due to missing price data	33
Gain-making companies	369
Loss-making companies	247
Flat / nil-gain companies	31
Total investor positions	194,100

Capital gain / loss metric	Company-level	Per investor position
Average capital gain / loss	\$22.74m	\$75,798
Median capital gain / loss	\$1.67m	\$5,556
Average gain among gain-making companies	\$42.24m	\$140,800
Median gain among gain-making companies	\$8.53m	\$28,433
Average loss among loss-making companies	-\$3.53m	-\$11,767
Median loss among loss-making companies	-\$3.33m	-\$11,100

Portfolio / CGT metric	Result
Total invested	\$6.47bn
Total sale proceeds	\$21.18bn
Gross capital gains	\$15.59bn
Gross capital losses	\$872.77m
Net capital gain / loss after capital losses	\$14.71bn
CGT payable without 50% discount	\$6.91bn
CGT payable with 50% discount	\$3.46bn
Average CGT per investor position without discount	\$35,605
Average CGT per investor position with discount	\$17,813

Scenario 2: January 2023-February 2024

Net gain remains positive after capital losses are offset, so CGT remains payable on the reduced net capital gain.

Dataset metric	Result
Companies analysed	607
Companies excluded due to missing price data	73
Gain-making companies	94
Loss-making companies	508
Flat / nil-gain companies	5
Total investor positions	182,100

Capital gain / loss metric	Company-level	Per investor position
Average capital gain / loss	\$139,883	\$466
Median capital gain / loss	-\$5.00m	-\$16,667
Average gain among gain-making companies	\$28.71m	\$95,700
Median gain among gain-making companies	\$5.47m	\$18,233
Average loss among loss-making companies	-\$5.14m	-\$17,133
Median loss among loss-making companies	-\$5.36m	-\$17,867

Portfolio / CGT metric	Result
Total invested	\$6.07bn
Total sale proceeds	\$6.15bn
Gross capital gains	\$2.70bn
Gross capital losses	\$2.61bn
Net capital gain / loss after capital losses	\$84.91m
CGT payable without 50% discount	\$39.90m
CGT payable with 50% discount	\$20.00m
Average CGT per investor position without discount	\$219
Average CGT per investor position with discount	\$110

Scenario 3: March 2022-April 2023

Gross capital losses exceed gross capital gains, resulting in a net capital loss and no CGT payable in this period.

Dataset metric	Result
Companies analysed	549
Companies excluded due to missing price data	131
Gain-making companies	80
Loss-making companies	461
Flat / nil-gain companies	8
Total investor positions	164,700

Capital gain / loss metric	Company-level	Per investor position
Average capital gain / loss	-\$935,128	-\$3,117
Median capital gain / loss	-\$4.36m	-\$14,530
Average gain among gain-making companies	\$21.32m	\$71,067
Median gain among gain-making companies	\$5.21m	\$17,367
Average loss among loss-making companies	-\$4.81m	-\$16,033
Median loss among loss-making companies	-\$5.00m	-\$16,667

Portfolio / CGT metric	Result
Total invested	\$5.49bn
Total sale proceeds	\$4.98bn
Gross capital gains	\$1.71bn
Gross capital losses	\$2.22bn
Net capital gain / loss after capital losses	-\$513.39m
CGT payable without 50% discount	\$0
CGT payable with 50% discount	\$0
Average CGT per investor position without discount	\$0
Average CGT per investor position with discount	\$0

Implications and Conclusions

The 2025-2026 period materially outperforms the other two periods. Even after offsetting capital losses, the remaining net capital gain is approximately \$14.71 billion, producing an estimated \$3.46 billion of CGT if the 50% discount is available.

The 2023-2024 period is close to breakeven at aggregate level after capital losses are included. Gross gains of approximately \$2.70 billion are largely offset by gross losses of approximately \$2.61 billion, leaving a net gain of approximately \$84.91 million.

The 2022-2023 period produces a net capital loss. In this model, no CGT is payable for that period because gross losses exceed gross gains. The unused net capital loss is not valued as a future tax asset in this report.

The reality is that Scenario 1 presents Governments best case scenario for revenue capture, a result that is extremely unlikely to be repeatable, **and has already passed**.

AMEC estimates that, at best, this is a 1 in 20-year event. The gains of this year have largely been by, and driven by, gold companies, enjoying a sustained very high gold price, which has lifted the fortunes and values of mineral exploration companies considerably. As gold companies dominate mineral exploration this has been an especially important driver of the rise. Our members report, that this is the most buoyant gold market that they have ever experienced in their careers, which speaks to the extraordinary result, the likelihood that it will not be repeatable.

In the other periods, Scenario 1 & 2, both comparably good years for mineral exploration, see Government return only a miniscule amount in revenue.

The damage that the removal of the 50% Capital Gains Discount is likely to have on the sector, clearly outweighs, the likely revenue that Government might receive in rare Windfall years.

Federal Treasury should have access to Share Market data, over a much longer period than is available to AMEC, and will be able to clearly model these outcomes, repeat these results, and look across a much longer period.

AMEC believes that such analysis will clearly demonstrate that a carve-out for the Mineral Exploration Sector is required, as it evident from the modelling contained in this submission.