

9.4 RECOMMENDATIONS

Decision-makers in the Departments of Finance and Minerals and Energy can consider the following recommendations that are aimed at changing the investment status of South Africa to that of *'investor friendly'* and *'internationally competitive'*:

- 1 Adopt the proposed structure of the $y = a + b$ mineral royalty formula for all minerals.**
- 2 Administer this formula in such a manner that it can achieve the goal of optimal resource use. This will make the anticipated mineral rights tax obsolete.**
- 3 Abolish the sliding scale formula and extend the thirty per cent corporate tax rate to gold mines.**
- 4 Reduce secondary tax on companies by at least fifty per cent.**

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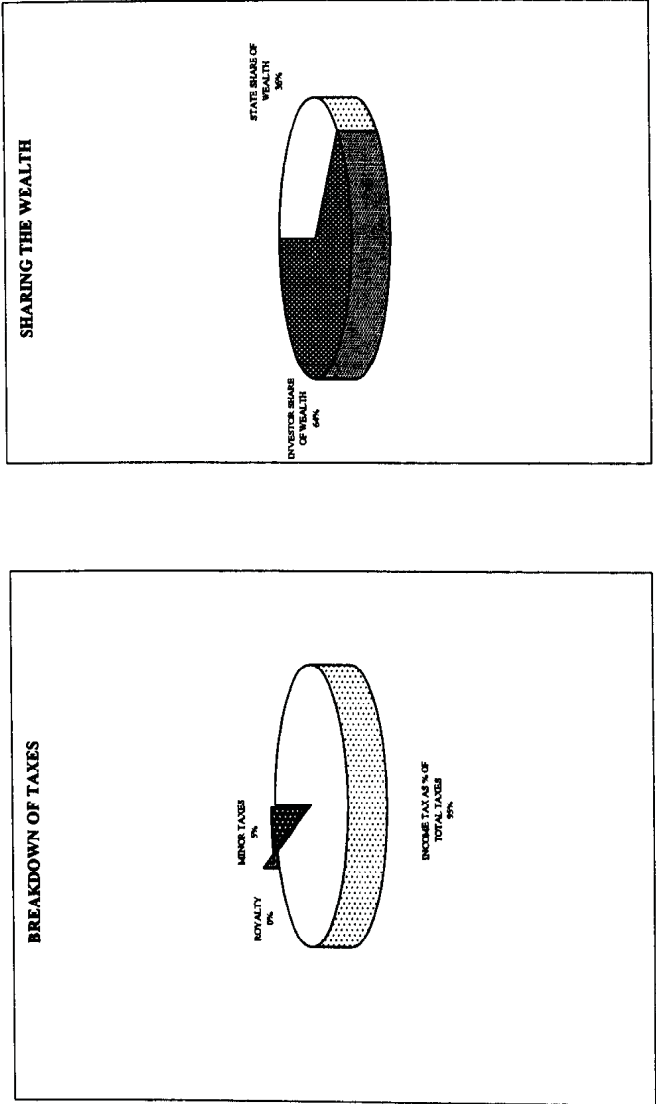
APPENDIX A

CASH FLOW AND RENT DISTRIBUTION MODELS

CHILEAN MODEL FOR GOLD (GREENSTONE)

FACTORS	%	PROJECT DESCRIPTION	SHARING THE WEALTH
US INTEREST RATE (NOMINAL)	5.0	MINERAL LEASE AREA (ha)	635 NPV OF TOTAL STATE SHARE \$ 19,692,060.13
HOST COUNTRY CFI	7.3	MEASURED RESERVES	967000 INVESTOR NPV \$ 34,979,811.93
REVENUE ESCALATION	0.0	MAX PRODUCTION RATE	45900 ROYALTY NPV \$ -
COST ESCALATION	0.0	LIFE OF MINE (y)	21.3 STATE SHARE OF WEALTH 34%
INFLATION (US CFI)	2.9	OPERATING (WORKING) COST	175 INVESTOR SHARE OF WEALTH 64%
RISK FREE RATE (REAL)	2.1	COMMODITY PRICE	387.82
BETA FACTOR	1.0	TAXES PAYABLE	RATE
RISK PREMIUM (1 - 10)	10.0	VAT/SALES TAX	18.0
DEBT FINANCE	50.0	IMPORT DUTIES (AVERAGE)	0.0 NPV OF (end) STATE SHARE \$ 19,692,060.13
EQUITY FINANCE	50.0	EXPORT TAX	0.0 NPV OF TAXABLE INCOME \$ 52,919,181.19
COUNTRY RISK	3.0	WITHHOLDING/DEFEND TAX	0.0 EFFECTIVE TAX RATE 37%
DISCOUNT RATE (NOMINAL)	13.0	MINIMUM TAX	0.0
CAPITAL TREATMENT	%	MINIMUM ROYALTY (US\$)	0.0 ONCE OFF PAYMENT IN ADVANCE \$ -
CAPITAL DEPLETION ALLOW	0.0	ROYALTY RATE (% REVENUE)	35 CF ROYALTY /UNIT PRODUCED \$ -
PRE-MINING & DEV. DEPR.	20.0	INCOME TAX RATE	CASH FLOW ROYALTY ON REVENUE 0.0%
PLANT & EQUIPMENT DEPR.	20.0	ROYALTY AS % OF TOTAL TAXES	CF ROYALTY ON OPERATING COSTS 0.0%
CAPITAL INDEX	0.0	MINOR TAXES	CF ROYALTY ON TAXABLE INCOME 0.0%
			FOR THE PROJECT 31%

ANALYSIS OF TAXES AND WEALTH SHARING

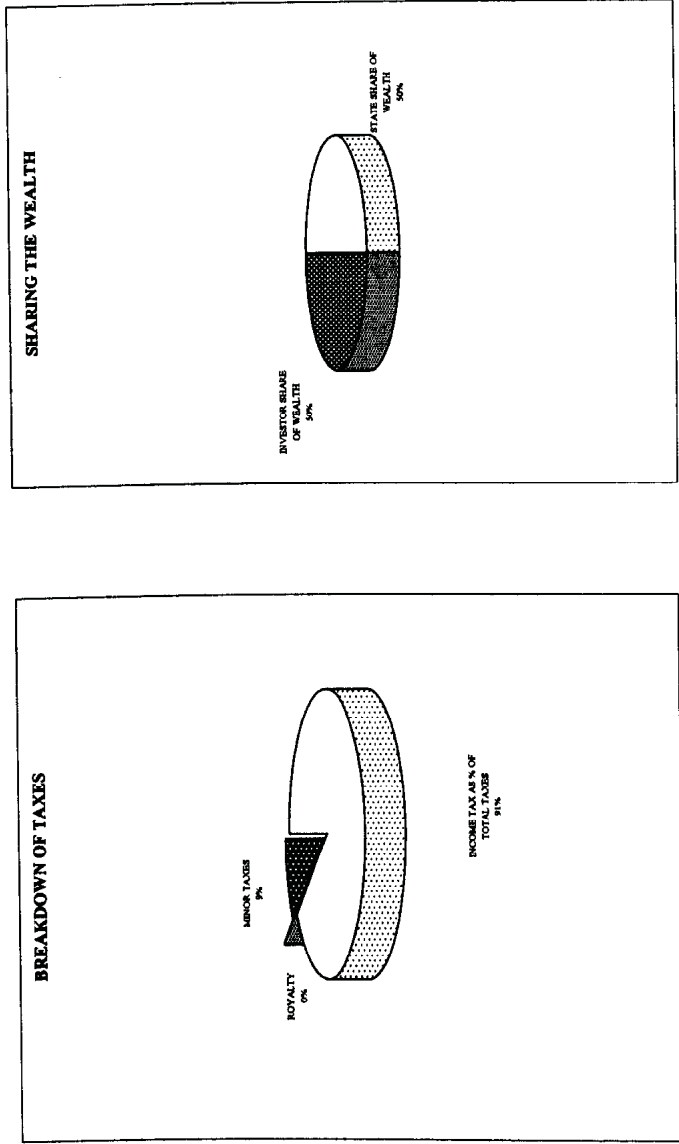


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CHILEAN MODEL FOR GOLD (WITWATERSRAND)

FACTORS	%	PROJECT DESCRIPTION	SHARING THE WEALTH
US INTEREST RATE (NOMINAL)	5.0	MINERAL LEASE AREA (ha)	2000 NPV OF TOTAL STATE SHARE \$ 71,285,592.57
HOST COUNTRY CPI	7.3	MEASURED RESERVES	950000 INVESTOR NPV \$ 71,211,943.39
REVENUE ESCALATION	0.0	MAX PRODUCTION RATE	450000 ROYALTY NPV -
COST ESCALATION	0.0	LIFE OF MINE (y)	2.1.1 STATE SHARE OF WEALTH 50%
INFLATION (US CPI)	2.9	OPERATING (WORKING) COST	250 INVESTOR SHARE OF WEALTH 50%
RISK FREE RATE (REAL)	2.1	COMMODITY PRICE	387.82
BETA FACTOR	1.0	TAXES PAYABLE	RATE
RISK PREMIUM (1 - 10)	10.0	VAT SALES TAX	11.0
DEBT FINANCE	50.0	IMPORT DUTIES (AVERAGE)	0.0 NPV OF (total) STATE SHARE \$ 71,285,592.57
EQUITY FINANCE	50.0	EXPORT TAX	0.0 NPV OF TAXABLE INCOME \$ 176,012,085.99
COUNTRY RISK	3.0	WITHHOLD DIVIDEND TAX	0.0 EFFECTIVE TAX RATE 41%
		MINIMUM TAX	0.0
DISCOUNT RATE (NOMINAL)	13.0	MINIMUM ROYALTY (US\$)	0.0
CAPITAL TREATMENT		ROYALTY RATE (% REVENUE)	35 CF ROYALTY UNIT PRODUCED \$ -
CAPITAL/DEPLETION ALLOW	0.0	INCOME TAX RATE	91% CASH FLOW ROYALTY ON REVENUE \$ -
PRE-MINING & DEV/ DEPR.	20.0	INCOME TAX AS % OF TOTAL TAXES	91% CASH FLOW ROYALTY ON REVENUE 0.0%
PLANT & EQUIPMENT DEPR.	20.0	ROYALTY	9% CF ROYALTY ON OPERATING COSTS 0.0%
CAPITAL INDEX	0.0	MINOR TAXES	9% CF ROYALTY ON TAXABLE INCOME 0.0%
			IRR FOR PROJECT 3%

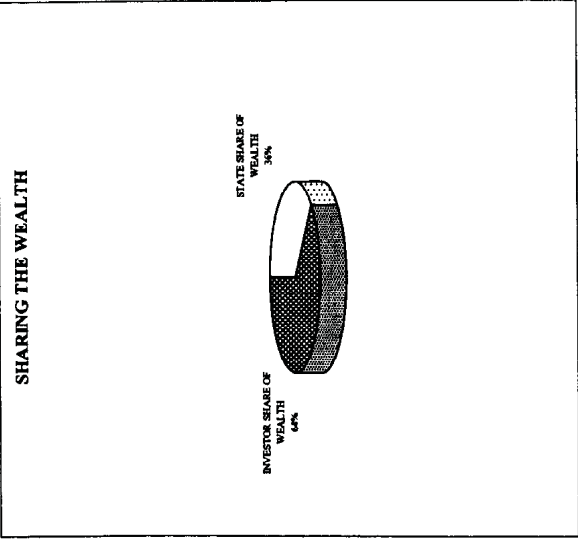
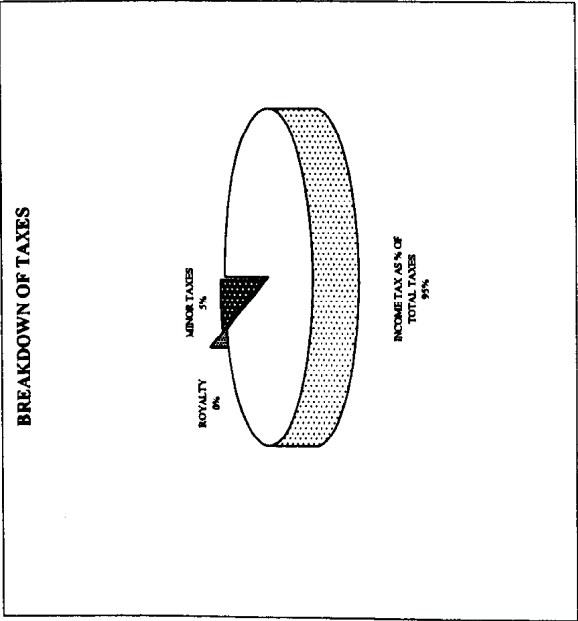
ANALYSIS OF TAXES AND WEALTH SHARING



CHILEAN MODEL FOR LIMESTONE

FACTORS	%	PROJECT DESCRIPTION	SHARING THE WEALTH		
US INTEREST RATE (NOMINAL)		5.0 MINERAL LEASE AREA (ha)	1330	NPV OF TOTAL STATE SHARE	\$ 67,789,579.47
HOST COUNTRY CPI		7.3 MEASURED RESERVES	2500000	INVESTOR NPV	\$ 118,702,967.37
REVENUE ESCALATION		0.0 MAX PRODUCTION RATE	1000000	ROYALTY NPV	\$ -
COST ESCALATION		0.0 LIFE OF MINE (yr)	25.0	STATE SHARE OF WEALTH	36%
INFLATION (US CPI)		2.9 OPERATING (WORKING) COST	22.92	INVESTOR SHARE OF WEALTH	64%
RISK FREE RATE (REAL)		2.1 COMMODITY PRICE	52.10	EFFECTIVE TAX RATE CALCULATION	
BETA FACTOR		100 TAXES PAYABLE			
RISK PREMIUM (1 - 10)		100 VAT/SALES TAX	18.0		
DEBT FINANCE		50.0 IMPORT DUTIES (AVERAGED)	0.0	NPV OF (total) STATE SHARE	\$ 67,789,579.47
EQUITY FINANCE		50.0 EXPORT TAX	0.0	NPV OF TAXABLE INCOME	\$ 183,298,983.59
COUNTRY RISK		30.0 WITHHOLD/DIVIDEND TAX	0.0	EFFECTIVE TAX RATE	37%
		MINIMUM TAX	0.0	ROYALTY ANALYSIS	
DISCOUNT RATE (NOMINAL)	13.8	MINIMUM ROYALTY (USD)	0	ONCE OFF PAYMENT IN ADVANCE	\$ -
CAPITAL TREATMENT		ROYALTY RATE (% REVENUE)	0.0	PAYMENT ON AREA (\$/ha)	\$ -
CAPITAL DEPLETION ALLOW		INCOME TAX RATE	35	CF ROYALTY / UNIT PRODUCED	-
PREMINING & DEV. DEPR.		INCOME TAX AS % OF TOTAL TAXES	99%	CASH FLOW ROYALTY ON REVENUE	0.0%
PLANT & EQUIPMENT DEPR.		ROYALTY	0%	CF ROYALTY ON OPERATING COSTS	0.0%
CAPITAL INDEX		MINOR TAXES	5%	CF ROYALTY ON TAXABLE INCOME	0.0%
				IRR FOR PROJECT	59%

ANALYSIS OF TAXES AND WEALTH SHARING

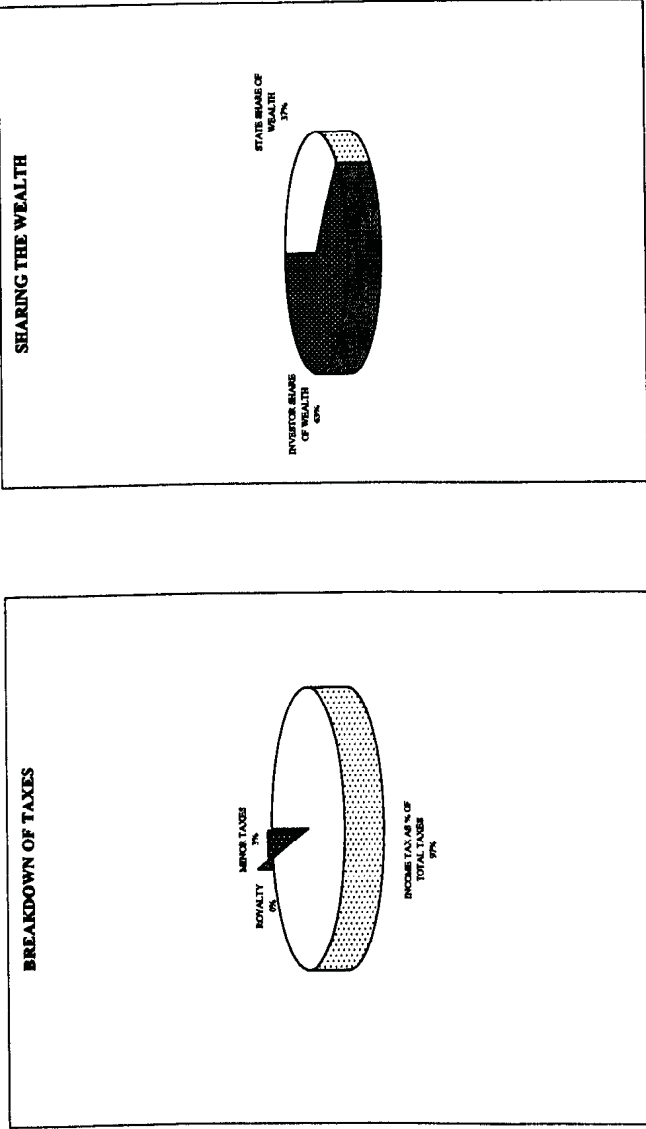


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CHILEAN MODEL FOR COAL

FACTORS	%	PROJECT DESCRIPTION	SHARING THE WEALTH		
US INTEREST RATE (NOMINAL)	5.0	MINERAL LEASE AREA (km)	442	NPV OF TOTAL STATE SHARE	\$ 101,150,133.00
HOST COUNTRY CPI	7.3	MEASURED RESERVES	3000000	INVESTOR NPV	\$ 175,245,517.90
REVENUE ESCALATION	0.0	MAX PRODUCTION RATE	130000	ROYALTY NPV	\$ -
COST ESCALATION	0.0	LIFE OF MINE (yr)	25.0	STATE SHARE OF WEALTH	37%
INFLATION (US CPI)	2.9	OPERATING (WORKING) COST	8.00	INVESTOR SHARE OF WEALTH	63%
RISK FREE RATE (REAL)	2.1	COMMODITY PRICE	43.17	EFFECTIVE TAX RATE CALCULATION	
BETA FACTOR	1.0	TAXES PAYABLE	RATE		
RISK PREMIUM (1 - 10)	10.0	VAT SALES TAX	11.0		
DEBT FINANCE	50.0	IMPORT DUTIES (AVERAGE)	0.0	NPV OF (RISK) STATE SHARE	\$ 101,150,133.00
EQUITY FINANCE	50.0	EXPORT TAX	0.0	NPV OF TAXABLE INCOME	\$ 278,912,168.81
COUNTRY RISK	3.0	WITHHOLD DIVIDEND TAX	0.0	EFFECTIVE TAX RATE	36%
		MINIMUM TAX	0.0	ROYALTY ANALYSIS	
DISCOUNT RATE (NOMINAL)	13.0	MINIMUM ROYALTY (CMB)	0.0	ONCE OFF PAYMENT IN ADVANCE	\$ -
CAPITAL TREATMENT	%	ROYALTY RATE (A REVENUE)	35.0	PAYMENT ON AREA (\$/ha)	\$ -
CAPITAL DEPLETION ALLOW	0.0	INCOME TAX RATE	97%	CASH FLOW ROYALTY ON REVENUE	0.0%
PRE-PAID & DEPR. DEPR.	20.0	INCOME TAX AS % OF TOTAL TAXES	94%	ROYALTY ON OPERATING COSTS	0.0%
PLANT & EQUIPMENT DEPR.	0.0	ROYALTY	3%	ROYALTY ON TAXABLE INCOME	0.0%
CAPITAL INDEX		DEFERRED TAXES		BEST FOR PROJECT	48%

CHARTS SHOWING BREAKDOWN OF TAXES AND WEALTH SHARING

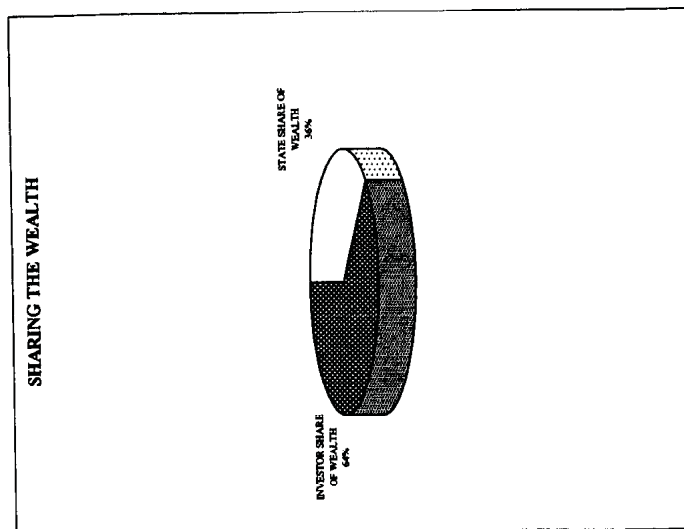
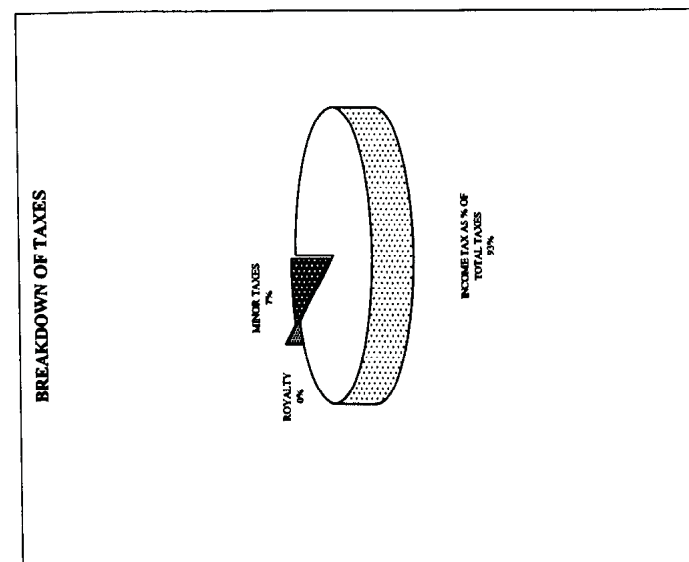


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CHILEAN MODEL FOR COPPER

FACTORS		PROJECT DESCRIPTION		SHARING THE WEALTH	
U.S. INTEREST RATE (NOMINAL)	%	MINERAL LEASE AREA (ha)	2000	NPV OF TOTAL STATE SHARE	\$ 72,393,503.52
HOST COUNTRY CPI	7.3	MEASURED RESERVES	2500000000	INVESTOR NPV	\$ 127,609,620.09
REVENUE ESCALATION	0.0	MAX PRODUCTION RATE	1100000000	ROYALTY NPV	\$ -
COST ESCALATION	0.0	LIFE OF MINE (yr)	22.7	STATE SHARE OF WEALTH	34%
INFLATION (U.S. CPI)	2.9	OPERATING (WORKING) COST	0.45	INVESTOR SHARE OF WEALTH	64%
RISK FREE RATE (REAL)	2.1	COMMODITY PRICE	1.04		
BETA FACTOR	1.0	TAXES PAYABLE		EFFECTIVE TAX RATE CALCULATION	
RISK PREMIUM (· 10)	10.0	VAT/SALES TAX	18.0	NPV OF (cash) STATE SHARE	\$ 72,393,503.52
DEBT FINANCE	50.0	IMPORT DUTIES (AVERAGE)	0.0	NPV OF TAXABLE INCOME	\$ 181,890,497.63
EQUITY FINANCE	50.0	EXPORT TAX	0.0	EFFECTIVE TAX RATE	40%
COUNTRY RISK	3.0	WITHHOLD/DIVIDEND TAX	0.0		
		MINIMUM TAX	0.0	ROYALTY ANALYSIS	
		MINIMUM ROYALTY (\$/SS)	0.0	ONCE OFF PAYMENT IN ADVANCE	\$ -
DISCOUNT RATE (NOMINAL)	15.0	ROYALTY RATE (%REVENUE)	0.0	PAYMENT ON AREA (\$/ha)	\$ -
CAPITAL TREATMENT		INCOME TAX RATE	35	CF ROYALTY /UNIT PRODUCED	\$ -
CAPITAL DEPLETION ALLOW	0.0		93%	CASH FLOW ROYALTY ON REVENUE	0.0%
PRE-MINING & DEV. DEPR.	20.0	INCOME TAX AS % OF TOTAL TAXES	9%	CF ROYALTY ON OPERATING COSTS	0.0%
PLANT & EQUIPMENT DEPR.	20.0	ROYALTY	7%	CF ROYALTY ON TAXABLE INCOME	0.0%
CAPITAL INDEX	0.0	MINOR TAXES		IRR FOR PROJECT	5%

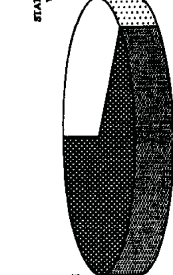
ANALYSIS OF TAXES AND WEALTH SHARING



YEAR	16A		16B		16C		16D		16E		16F		16G		16H		16I		16J		16K		16L		16M		16N		16O		16P		16Q		16R		16S		16T		16U		16V		16W		16X		16Y		16Z		16AA		16AB		16AC		16AD		16AE		16AF		16AG		16AH		16AI		16AJ		16AK		16AL		16AM		16AN		16AO		16AP		16AQ		16AR		16AS		16AT		16AU		16AV		16AW		16AX		16AY		16AZ		16BA		16BB		16BC		16BD		16BE		16BF		16BG		16BH		16BI		16BJ		16BK		16BL		16BM		16BN		16BO		16BP		16BQ		16BR		16BS		16BT		16BU		16BV		16BW		16BX		16BY		16BZ		16CA		16CB		16CC		16CD		16CE		16CF		16CG		16CH		16CI		16CJ		16CK		16CL		16CM		16CN		16CO		16CP		16CQ		16CR		16CS		16CT		16CU		16CV		16CW		16CX		16CY		16CZ		16DA		16DB		16DC		16DD		16DE		16DF		16DG		16DH		16DI		16DJ		16DK		16DL		16DM		16DN		16DO		16DP		16DQ		16DR		16DS		16DT		16DU		16DV		16DW		16DX		16DY		16DZ		16EA		16EB		16EC		16ED		16EE		16EF		16EG		16EH		16EI		16EJ		16EK		16EL		16EM		16EN		16EO		16EP		16EQ		16ER		16ES		16ET		16EU		16EV		16EW		16EX		16EY		16EZ		16FA		16FB		16FC		16FD		16FE		16FF		16FG		16FH		16FI		16FJ		16FK		16FL		16FM		16FN		16FO		16FP		16FQ		16FR		16FS		16FT		16FU		16FV		16FW		16FX		16FY		16FZ		16GA		16GB		16GC		16GD		16GE		16GF		16GG		16GH		16GI		16GJ		16GK		16GL		16GM		16GN		16GO		16GP		16GQ		16GR		16GS		16GT		16GU		16GV		16GW		16GX		16GY		16GZ		16HA		16HB		16HC		16HD		16HE		16HF		16HG		16HH		16HI		16HJ		16HK		16HL		16HM		16HN		16HO		16HP		16HQ		16HR		16HS		16HT		16HU		16HV		16HW		16HX		16HY		16HZ		16IA		16IB		16IC		16ID		16IE		16IF		16IG		16IH		16II		16IJ		16IK		16IL		16IM		16IN		16IO		16IP		16IQ		16IR		16IS		16IT		16IU		16IV		16IW		16IX		16IY		16IZ		16JA		16JB		16JC		16JD		16JE		16JF		16JG		16JH		16JI		16JJ		16JK		16JL		16JM		16JN		16JO		16JP		16JQ		16JR		16JS		16JT		16JU		16JV		16JW		16JX		16JY		16JZ		16KA		16KB		16KC		16KD		16KE		16KF		16KG		16KH		16KI		16KJ		16KK		16KL		16KM		16KN		16KO		16KP		16KQ		16KR		16KS		16KT		16KU		16KV		16KW		16KX		16KY		16KZ		16LA		16LB		16LC		16LD		16LE		16LF		16LG		16LH		16LI		16LJ		16LK		16LM		16LN		16LO		16LP		16LQ		16LR		16LS		16LT		16LU		16LV		16LW		16LX		16LY		16LZ		16MA		16MB		16MC		16MD		16ME		16MF		16MG		16MH		16MI		16MJ		16MK		16ML		16MM		16MN		16MO		16MP		16MQ		16MR		16MS		16MT		16MU		16MV		16MW		16MX		16MY		16MZ		16NA		16NB		16NC		16ND		16NE		16NF		16NG		16NH		16NI		16NJ		16NK		16NL		16NM		16NN		16NO		16NP		16NQ		16NR		16NS		16NT		16NU		16NV		16NW		16NX		16NY		16NZ		16OA		16OB		16OC		16OD		16OE		16OF		16OG		16OH		16OI		16OJ		16OK		16OL		16OM		16ON		16OO		16OP		16OQ		16OR		16OS		16OT		16OU		16OV		16OW		16OX		16OY		16OZ		16PA		16PB		16PC		16PD		16PE		16PF		16PG		16PH		16PI		16PJ		16PK		16PL		16PM		16PN		16PO		16PP		16PQ		16PR		16PS		16PT		16PU		16PV		16PW		16PX		16PY		16PZ		16QA		16QB		16QC		16QD		16QE		16QF		16QG		16QH		16QI		16QJ		16QK		16QL		16QM		16QN		16QO		16QP		16QQ		16QR		16QS		16QT		16QU		16QV		16QW		16QX		16QY		16QZ		16RA		16RB		16RC		16RD		16RE		16RF		16RG		16RH		16RI		16RJ		16RK		16RL		16RM		16RN		16RO		16RP		16RQ		16RR		16RS		16RT		16RU		16RV		16RW		16RX		16RY		16RZ		16SA		16SB		16SC		16SD		16SE		16SF		16SG		16SH		16SI		16SJ		16SK		16SL		16SM		16SN		16SO		16SP		16SQ		16SR		16SS		16ST		16SU		16SV		16SW		16SX		16SY		16SZ		16TA		16TB		16TC		16TD		16TE		16TF		16TG		16TH		16TI		16TJ		16TK		16TL		16TM		16TN		16TO		16TP		16TQ		16TR		16TS		16TT		16TU		16TV		16TW		16TX		16TY		16TZ		16UA		16UB		16UC		16UD		16UE		16UF		16UG		16UH		16UI		16UJ		16UK		16UL		16UM		16UN		16UO		16UP		16UQ		16UR		16US		16UT		16UU		16UV		16UW		16UX		16UY		16UZ		16VA		16VB		16VC		16VD		16VE		16VF		16VG		16VH		16VI		16VJ		16VK		16VL		16VM		16VN		16VO		16VP		16VQ		16VR		16VS		16VT		16VU		16VV		16VW		16VX		16VY		16VZ		16WA		16WB		16WC		16WD		16WE		16WF		16WG		16WH		16WI		16WJ		16WK		16WL		16WM		16WN		16WO		16WP		16WQ		16WR		16WS		16WT		16WU		16WV		16WW		16WX		16WY		16WZ		16XA		16XB		16XC		16XD		16XE		16XF		16XG		16XH		16XI		16XJ		16XK		16XL		16XM		16XN		16XO		16XP		16XQ		16XR		16XS		16XT		16XU		16XV		16XW		16XX		16XY		16XZ		16YA		16YB		16YC		16YD		16YE		16YF		16YG		16YH		16YI		16YJ		16YK		16YL		16YM		16YN		16YO		16YP		16YQ		16YR		16YS		16YT		16YU		16YV		16YW		16YX		16YY		16YZ		16ZA		16ZB		16ZC		16ZD		16ZE		16ZF		16ZG		16ZH		16ZI		16ZJ		16ZK		16ZL		16ZM		16ZN		16ZO		16ZP		16ZQ		16ZR		16ZS		16ZT		16ZU		16ZV		16ZW		16ZX		16ZY		16ZZ	
	16A	16B	16C	16D	16E	16F	16G	16H	16I	16J	16K	16L	16M	16N	16O	16P	16Q	16R	16S	16T	16U	16V	16W	16X	16Y	16Z	16AA	16AB	16AC	16AD	16AE	16AF	16AG	16AH	16AI	16AJ	16AK	16AL	16AM	16AN	16AO	16AP	16AQ	16AR	16AS	16AT	16AU	16AV	16AW	16AX	16AY	16AZ	16BA	16BB	16BC	16BD	16BE	16BF	16BG	16BH	16BI	16BJ	16BK	16BL	16BM	16BN	16BO	16BP	16BQ	16BR	16BS	16BT	16BU	16BV	16BW	16BX	16BY	16BZ	16CA	16CB	16CC	16CD	16CE	16CF	16CG	16CH	16CI	16CJ	16CK	16CL	16CM	16CN	16CO	16CP	16CQ	16CR	16CS	16CT	16CU	16CV	16CW	16CX	16CY	16CZ	16DA	16DB	16DC	16DD	16DE	16DF	16DG	16DH	16DI	16DJ	16DK	16DL	16DM	16DN	16DO	16DP	16DQ	16DR	16DS	16DT	16DU	16DV	16DW	16DX	16DY	16DZ	16EA	16EB	16EC	16ED	16EE	16EF	16EG	16EH	16EI	16EJ	16EK	16EL	16EM	16EN	16EO	16EP	16EQ	16ER	16ES	16ET	16EU	16EV	16EW	16EX	16EY	16EZ	16FA	16FB	16FC	16FD	16FE	16FF	16FG	16FH	16FI	16FJ	16FK	16FL	16FM	16FN	16FO	16FP	16FQ	16FR	16FS	16FT	16FU	16FV	16FW	16FX	16FY	16FZ	16GA	16GB	16GC	16GD	16GE	16GF	16GG	16GH	16GI	16GJ	16GK	16GL	16GM	16GN	16GO	16GP	16GQ	16GR	16GS	16GT	16GU	16GV	16GW	16GX	16GY	16GZ	16HA	16HB	16HC	16HD	16HE	16HF	16HG	16HH	16HI	16HJ	16HK	16HL	16HM	16HN	16HO	16HP	16HQ	16HR	16HS	16HT	16HU	16HV	16HW	16HX	16HY	16HZ	16IA	16IB	16IC	16ID	16IE	16IF	16IG	16IH	16II	16IJ	16IK	16IL	16IM	16IN	16IO	16IP	16IQ	16IR	16IS	16IT	16IU	16IV	16IW	16IX	16IY	16IZ	16JA	16JB	16JC	16JD	16JE	16JF	16JG	16JH	16JI	16JJ	16JK	16JL	16JM	16JN	16JO	16JP	16JQ	16JR	16JS	16JT	16JU	16JV	16JW	16JX	16JY	16JZ	16KA	16KB	16KC	16KD	16KE	16KF	16KG	16KH	16KI	16KJ	16KK	16KL	16KM	16KN	16KO	16KP	16KQ	16KR	16KS	16KT	16KU	16KV	16KW	16KX	16KY	16KZ	16LA	16LB	16LC	16LD	16LE	16LF	16LG	16LH	16LI	16LJ	16LK	16LM	16LN	16LO	16LP	16LQ	16LR	16LS	16LT	16LU	16LV	16LW	16LX	16LY	16LZ	16MA	16MB	16MC	16MD	16ME	16MF	16MG	16MH	16MI	16MJ	16MK	16ML	16MM	16MN	16MO	16MP	16MQ	16MR	16MS	16MT	16MU	16MV	16MW	16MX	16MY	16MZ	16NA	16NB	16NC	16ND	16NE	16NF	16NG	16NH	16NI	16NJ	16NK	16NL	16NM	16NN	16NO	16NP	16NQ	16NR	16NS	16NT	16NU	16NV	16NW	16NX	16NY	16NZ	16OA	16OB	16OC	16OD	16OE	16OF	16OG	16OH	16OI	16OJ	16OK	16OL	16OM	16ON	16OO	16OP	16OQ	16OR	16OS	16OT	16OU	16OV	16OW	16OX	16OY	16OZ	16PA	16PB	16PC	16PD	16PE	16PF	16PG	16PH	16PI	16PJ	16PK	16PL	16PM	16PN	16PO	16PP	16PQ	16PR	16PS	16PT	16PU	16PV	16PW	16PX	16PY	16PZ	16QA	16QB	16QC	16QD	16QE	16QF	16QG	16QH	16QI	16QJ	16QK	16QL	16QM	16QN	16QO	16QP	16QQ	16QR	16QS	16QT	16QU	16QV	16QW	16QX	16QY	16QZ	16RA	16RB	16RC	16RD	16RE	16RF	16RG	16RH	16RI	16RJ	16RK	16RL	16RM	16RN	16RO	16RP	16RQ	16RR	16RS	16RT	16RU	16RV	16RW	16RX	16RY	16RZ	16SA	16SB	16SC	16SD	16SE	16SF	16SG	16SH	16SI	16SJ	16SK	16SL	16SM	16SN	16SO	16SP	16SQ	16SR	16SS	16ST	16SU	16SV	16SW	16SX	16SY	16SZ	16TA	16TB	16TC	16TD	16TE	16TF	16TG	16TH	16TI	16TJ	16TK	16TL	16TM	16TN	16TO	16TP	16TQ	16TR	16TS	16TT	16TU	16TV	16TW	16TX	16TY	16TZ	16UA	16UB	16UC	16UD	16UE	16UF	16UG	16UH	16UI	16UJ	16UK	16UL	16UM	16UN	16UO																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										

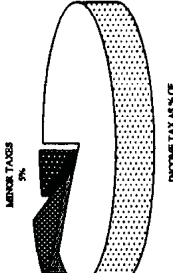
FACTORS		%	PROJECT DESCRIPTION		SHARING THE WEALTH	
(US INTEREST RATE(NOMINAL)		5.0	MINERAL LEASE AREA (ha)	683	NPV OF TOTAL STATE SHARE	\$
HOST COUNTRY CPI		0.2	MAXIMUM RESERVES	967000	INVESTOR NPV	\$
REVENUE ESCALATION		0.0	MEAS PRODUCTION RATE	45000	ROYALTY NPV	\$
COST ESCALATION		0.0	LIFE OF MINE (yr)	21.5	STATE SHARE OF WEALTH	36%
INFLATION (US CPI)		2.9	OPERATING (WORKING) COST	175	INVESTOR SHARE OF WEALTH	64%
RISK FREE RATE (REAL)		2.1	COMMODITY PRICE	37.82	EFFECTIVE TAX RATE CALCULATION	
BETA FACTOR		1.0	TAXES PAYABLE			
RISK PREMIUM (1 - 10)		10.0	VAT/SALES TAX	11.0		
DEBT FINANCE		50.0	IMPORT DUTIES (AVERAGE)	0.0	NPV OF TOTAL STATE SHARE	\$
EQUITY FINANCE		50.0	EXPORT TAX	0.0	NPV OF TAXABLE INCOME	\$
COUNTRY RISK		3.0	WITHHOLD/DIVIDEND TAX	0.0	EFFECTIVE TAX RATE	39%
DISCOUNT RATE (NOMINAL)		13.0	MINIMUM ROYALTY (USD)	0	ONCE OFF PAYMENT IN ADVANCE	\$
CAPITAL TREATMENT		%	ROYALTY RATE (%REVENUE)	1.5	PAYMENT ON AREA (\$/ha)	3,071.78
CAPITAL/OVERLEAF ALLOW			ROYALTY UNIT PRODUCED	33	CF ROYALTY UNIT PRODUCED	2.34
PRE-MINING & DEV. DEPR.		100.0	TOTAL TAX AS % OF TOTAL TAXES	86%	CASH FLOW ROYALTY ON REVENUE	1.5%
PLANT & EQUIPMENT DEPR.		33.3	ROYALTY	9%	CF ROYALTY ON OPERATING COSTS	3.3%
CAPITAL INDEX		0.2	MINOR TAXES	5%	CF ROYALTY ON TAXABLE INCOME	3.4%
					IRR FOR PROJECT	32%

SHARING THE WEALTH



Category	Percentage
INVESTOR SHARE OF WEALTH	64%
STATE SHARE OF WEALTH	35%
ROYALTY	1%

BREAKDOWN OF TAXES



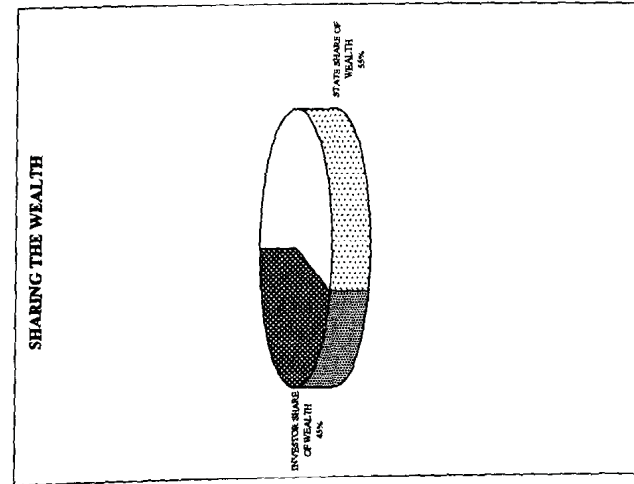
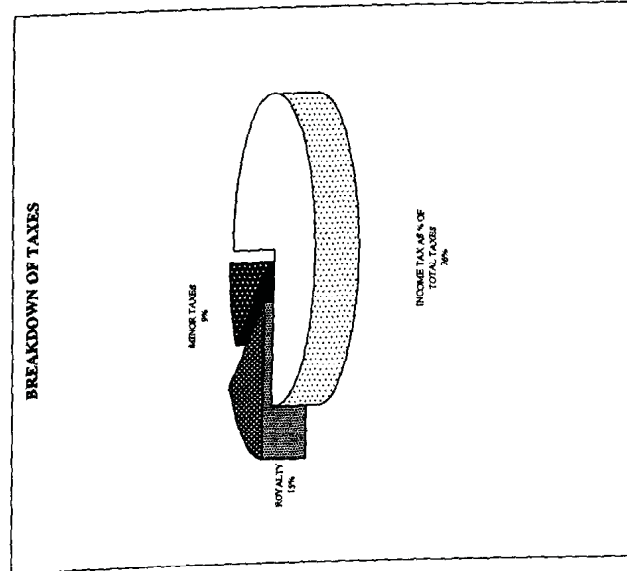
Category	Percentage
INCOME TAX AS % OF TOTAL TAXES	86%
ROYALTY	19%
MINOR TAXES	5%

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ARGENTINEAN MODEL FOR GOLD (WITHWATERSRAND)

FACTORS	%	PROJECT DESCRIPTION	SHARING THE WEALTH
US INTEREST RATE (NOMINAL)	5.0	MINERAL LEASE AREA (ha)	2000 NPV OF TOTAL STATE SHARE
HOST COUNTRY CPI	0.2	MEASURED RESERVES	9500000 INVESTOR NPV
REVENUE ESCALATION	0.0	MAX PRODUCTION RATE	4500000 ROYALTY NPV
COST ESCALATION	0.0	LIFE OF MINE (yr)	21.1 STATE SHARE OF WEALTH
INFLATION (US CPI)	2.9	OPERATING (WORKING) COST	120 INVESTOR SHARE OF WEALTH
RISK FREE RATE (REAL)	2.1	COMMODITY PRICE	38742
BETA FACTOR	1.0	TAXES PAYABLE	RATE
RISK PREMIUM (1 - 10)	10.0	VAT/SALES TAX	16.0
DEBT FINANCE	50.0	IMPORT DUTIES (AVERAGE)	0.0 NPV OF (nom) STATE SHARE
EQUITY FINANCE	50.0	EXPORT TAX	0.0 NPV OF TAXABLE INCOME
COUNTRY RISK	3.0	WITHHOLD DIVIDEND TAX	0.0 EFFECTIVE TAX RATE
DISCOUNT RATE (NOMINAL)	13.0	MINIMUM ROYALTY (USD)	ROYALTY ANALYSIS
CAPITAL TREATMENT	0.0	ROYALTY RATE (%REVENUE)	0 ONCE OFF PAYMENT IN ADVANCE
CAPITAL DEPLETION ALLOW	100.0	INCOME TAX RATE	1.5 PAYMENT ON AREA (50%)
PREMINING & DEPR. DEPR.	33.3	INCOME TAX AS % OF TOTAL TAXES	33 CF ROYALTY UNIT PRODUCED
CAPITAL INDEX	0.2	MINOR TAXES	7% CASH FLOW ROYALTY ON REVENUE
			15% CF ROYALTY ON OPERATING COSTS
			9% CF ROYALTY ON TAXABLE INCOME
			RISK FOR PROJECT
			12%

ANALYSIS OF TAXES AND WEALTH SHARING



[illegible][illegible]