Review of tax projections

regarding the

Bendigo-Ophir Gold Project Fast track application

April 2026

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Introduction

1. My name is Edward Miller. I am a corporate researcher based in Whangarei, Aotearoa New Zealand. I have a BA/LlB and an LLM with a focus on international economic regulation, both from the University of Auckland.

2. I have read and agree to comply with the Code of Conduct in Part 9 of the Environment Court Practice Note 2023.

3. I work for the Centre for International Corporate Tax and Accountability Research (CICTAR), where much of my time is spent reviewing the tax payments and practices of multinational companies, relying on financial statements, time series data and other similar documents.

4. I was recently asked by Sustainable Tarras to review the corporate tax and royalty revenue projections that are outlined in the pre-feasibility study (published in November 2024) and the updated pre-feasibility study (July 2025) related to the Bendigo-Ophir mine project. The Benje Patterson report (Economic Impacts of the Bendigo-Ophir Gold Project)[1] relies on data from those studies for core project assumptions.

5. The updated PFS highlights that the then-current gold price the project would generate tax revenue of almost a billion Australian dollars over its 13.8-year lifespan, as well as Crown royalties of A$410 million.[2] These numbers are much lower for the more conservative July 2025 base case, and lower still on the conservative base case of the November 2024 PFS.[3] Higher recent tax and royalty projections published in a January 2026 quarterly activities report by Santana Minerals to the Australian Stock Exchange reflect today's even higher gold prices.[4]

6. In my view, the 2025 and 2024 PFSs appears to blur the line between objective technical assessments and promotional investor material. They highlight possible tax and royalty

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[1] The larger figure in this document appears to be converted from Australian dollars to NZ dollars and may also include PAYE and ACC. Benje Patterson "Economic impacts of the Bendigo-Ophir Gold Project – October 2025 update" (October 2025), p10. https://static1.squarespace.com/static/6643ff2fd1bac338ecafb567/t/68f1a00190de1d57d7086829/1760665601123/Economic+Impacts+of+the+Bendigo+Ophir+Gold+Project+by+Benje+Patterson+%28People+and+Places%29.pdf

[2] "Bendigo-Ophir Gold Project Updated Pre-Feasibility Study (PFS)" (1 July 2025) *Santana Minerals Limited*, pp4 and 36. https://www.listcorp.com/asx/smi/santana-minerals-limited/news/updated-pre-feasibility-study-bendigo-ophir-gold-project-3208091.html

[3] "Bendigo-Ophir Gold Project Pre-Feasibility Study (+/-15%)" (15 November 2024) *Santana Minerals Limited*, p4. https://www.listcorp.com/asx/smi/santana-minerals-limited/news/bendigo-ophir-gold-project-pre-feasibility-study-3116179.html

[4] "Quarterly Activities Report. Period ending December 31, 2025" (27 January 2026) *Santana Minerals Limited*, p3. https://app.sharelinktechnologies.com/announcement-preview/asx/32753b492b229b065a25a328bfc96e57

figures that presume today's high gold price will be sustained over the long-term, rather than the more conservative base case modelling, which itself has been influenced by recent changes.

7. The modelling also does not appear to include the impact of new accelerated depreciation rules (alongside the passage of the Fast Track Approvals Act), although it seems that those rules may have been used to justify the claim that the project has been "de-risked",[5] which the company relies on to justify a lower discount rate. Apply a lower discount rate would have the effect of inflating the project's net present value, especially in later years.

8. Accelerated depreciation rules, the extended project lifespan and the unpredictability of current gold prices should be viewed together when assessing the corporate tax projections in this project. My assessment is that in the immediate production years – in which we can say with more certainty that gold prices will be relatively higher – the company will make larger depreciation deductions, reducing short-term tax revenue for the government while delivering free cash flow for the firm. Over the longer term, the gold price becomes more unpredictable, as does the government's corporate tax and royalty income from this project. Shifting the bulk of the government's possible corporate tax take to later years not only makes that revenue increasingly unlikely, it also means that revenue that is received later in the project's lifecycle would be heavily discounted.

9. This report begins with a brief analysis of the history and corporate structure of Santana Minerals Ltd. It then examines recent gold-price behaviour and the risk of extrapolating short-term volatility into long-term forecasts. It then analyses the projected tax take outlined in the company's current price year-by-year projection and undertakes a similar base case estimate to look at a more conservative projection of corporate tax revenue. Finally it looks at the impact of discount rates on the net present value of that revenue, while assessing the impact of accelerated depreciation on any projected tax revenue. Taken together, the figures presented in the PFS appear to materially overstate long-term public revenue while understating issues with timing, volatility, and risk.

[5] Updated PFS, p2. Note 2.

History and corporate structure

10. Santana Minerals Limited is Australian-incorporated minerals exploration and development company that is dual listed on the ASX and NZX.

11. The company was founded in January 2013 and was originally a wholly owned subsidiary of Cerro Resources NL, before listing separately on the ASX in May 2013. It was initially focused on silver and gold mining projects in Mexico, namely Espiritu Santo and Namiquipa. It was involved in the Becker Gold Project in Chile, the Cuitaboca project in Mexico, and the Sayabouly project in Laos. None of these projects moved beyond the exploratory phase.[6] Santana also holds minority interests in a number of Cambodian mining projects, which also remain in the exploratory phase.[7]

12. Santana Minerals' annual reports suggest that its subsidiaries in Mexico are directly owned by their Australian subsidiaries (i.e. not owned through third countries).[8] Multinational mining companies with significant revenue often use related-party transactions to shift potentially taxable income to lower tax jurisdictions, reducing their overall tax rate. The fact there is little evidence of this at the moment underscores the fact that the company has earned little revenue thus far.

13. In November 2020 Santana acquired Matakanui Gold Limited for NZ$190,000 and the issuance of 38 million shares.[9] This substantial share sale appears to indicate that the companies' New Zealand activities are its most consequential mining activities to date. Matakanui Gold is directly-owned by its Brisbane-based parent company Santana Minerals Limited.

14. In October 2025 Santana stated that 85% of their shareholders are New Zealanders,[10] however documents submitted to the Overseas Investment Office suggested that 63% of shares listed on the ASX were held by Australian shareholders (36.5% were held by New Zealanders).[11] While the exact split of shares listed on the ASX and NZX is unclear,

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[6] *See e.g.* Espiritu Santo: "Santana Mineral Limited Annual Report 2014" *Santana Minerals Ltd*, p7. https://www.listcorp.com/asx/smi/santana-minerals-limited/news/annual-report-to-shareholders-1176909.html. Cuitaboca: "Santana Mineral Limited Annual Report 2018" *Santana Minerals Ltd*, p1. Becker: "Santana Mineral Limited Annual Report 2019" *Santana Minerals Ltd*, p1.

[7] "International projects" *Santana Minerals Limited*. https://www.santanaminerals.com/general-2-1-1-1

[8] Subsidiaries in the 2024 annual report are only incorporated in Australia and Mexico.

[9] "Santana Minerals Annual Report 2020", *Santana Minerals Ltd,* p69.https://www.listcorp.com/asx/smi/santana-minerals-limited/news/annual-report-2376174.html

[10] Jared McCulloch "Famed Otago high-country station a step closer to hosting a gold mine" (17 October 2025) *1News*. https://www.1news.co.nz/2025/10/17/famed-otago-high-country-station-a-step-closer-to-hosting-a-gold-mine/

[11] "DOIA 26-148 Batch 1 - Benefit to NZ Application & VIFs" (26 November 2025) *Toitū Te Whenua Land Information New Zealand*, pdf p30. https://www.linz.govt.nz/system/files/2026-02/DOIA%2026-148%20Batch1-Benefit%20to%20NZ%20Application%20%26%20VIFs_Redacted.pdf

the ASX is listed as having "primary jurisdiction".[12] In February 2026 the company issued a further 144.4 million shares,[13] bringing the total number of shares in distribution to 967 million.[14]

15. In October 2025 Santana announced that they were acquiring a number of parcels of land connected to the project. Documents released under the Official Information Act indicate that some 3,677 hectares of land were being acquired at Ardgour and Bendigo Station, for a total consideration of $80 million.[15]

16. A number of new subsidiaries were established for this purpose – Santana Minerals (NZ) Limited on 8 October 2025, which is directly owned by the Australian parent company Santana Mineral Limited,[16] and its wholly-owned subsidiary Matakanui Land Limited. This subsidiary – listed in the OIO docs as "Land Co" is the subsidiary that is acquiring the land.

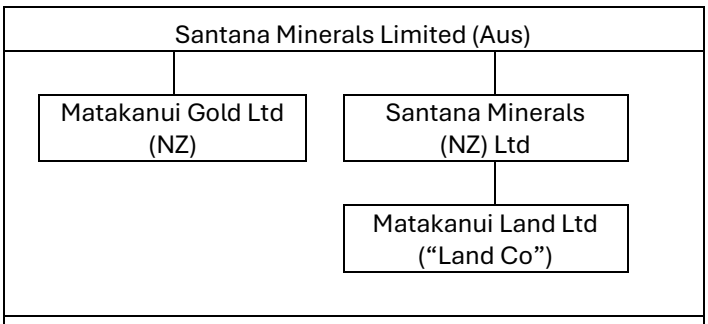


Figure 1: Current NZ structure

[12] "Santana Minerals Annual Report 2025" *Santana Minerals Ltd*, p1. https://app.companiesoffice.govt.nz/companies/app/service/services/documents/70ED7222BB49FA1AD5F404503BCCD27F

[13] "A$130 million Placement to accelerate the Bendigo Ophir Gold Project and Share Purchase Plan" (17 February 2026) *Santana Minerals Ltd*. https://www.listcorp.com/asx/smi/santana-minerals-limited/news/a-130-million-placement-and-share-purchase-plan-3315337.html

[14] "SMI" (8 April 2026) *NZX*. https://www.nzx.com/instruments/SMI

[15] "DOIA 26-148 Batch 1 - Benefit to NZ Application & VIFs" (26 November 2025) *Toitū Te Whenua Land Information New Zealand*. https://www.linz.govt.nz/system/files/2026-02/DOIA%2026-148%20Batch1-Benefit%20to%20NZ%20Application%20%26%20VIFs_Redacted.pdf

[16] https://app.companiesoffice.govt.nz/companies/app/ui/pages/companies/9376288/shareholdings

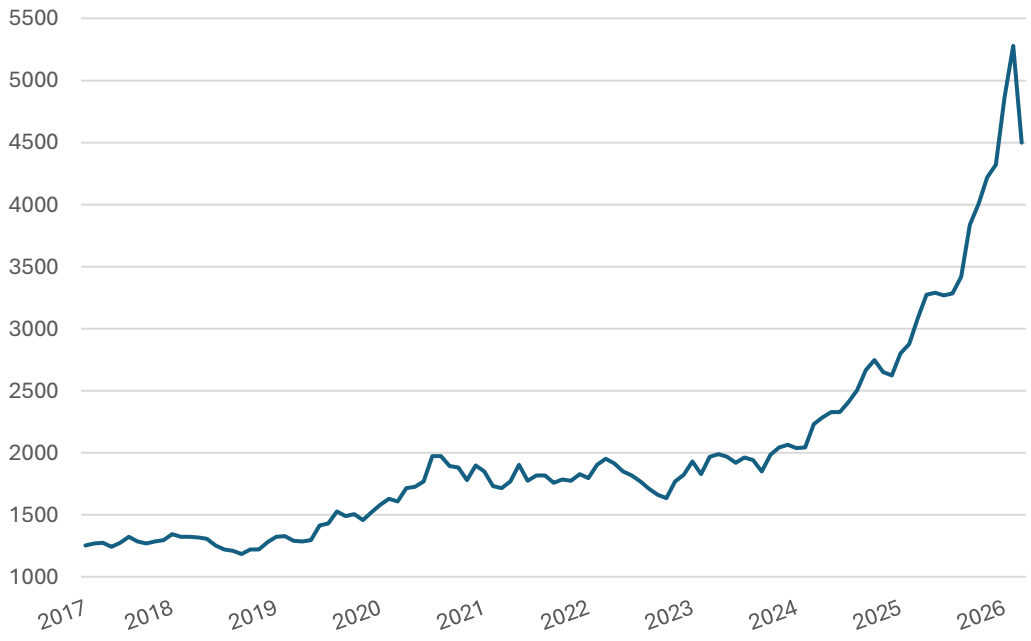
Rising gold prices in a volatile world

17. The most important assumption driving the corporate tax and royalty revenue projections outlined in the PFSs and other similar documents is the price of gold, which is presented in $/Oz, be that US$/Oz for the global price, AU$/Oz for Santana's financial disclosure documents, or NZ$/Oz in documents presented to NZ regulators. For the projections outlined in those documents to be realised, the relatively high gold prices would have to be sustained over the life cycle of the project. I have read and agree with the analysis of Dr Richard Meade, who argues that the Benje Patterson report relies on an "implausibly high gold price" that is assumed to prevail for the entire project life.

    The price of gold has been the matter of voluminous discussion in recent years, with prices rising from dramatically above its long-term historical average. Figure 2 presents nominal monthly closing prices data[17] which shows the gold price crossing US$2000 per ounce for the first time in November 2023. By March 2025 it passed US$3000 per ounce. In October 2025 it passed US$4000 per ounce and January 2026 it had reached US$5000 per ounce.

Figure 2: Nominal gold price (US$/oz)

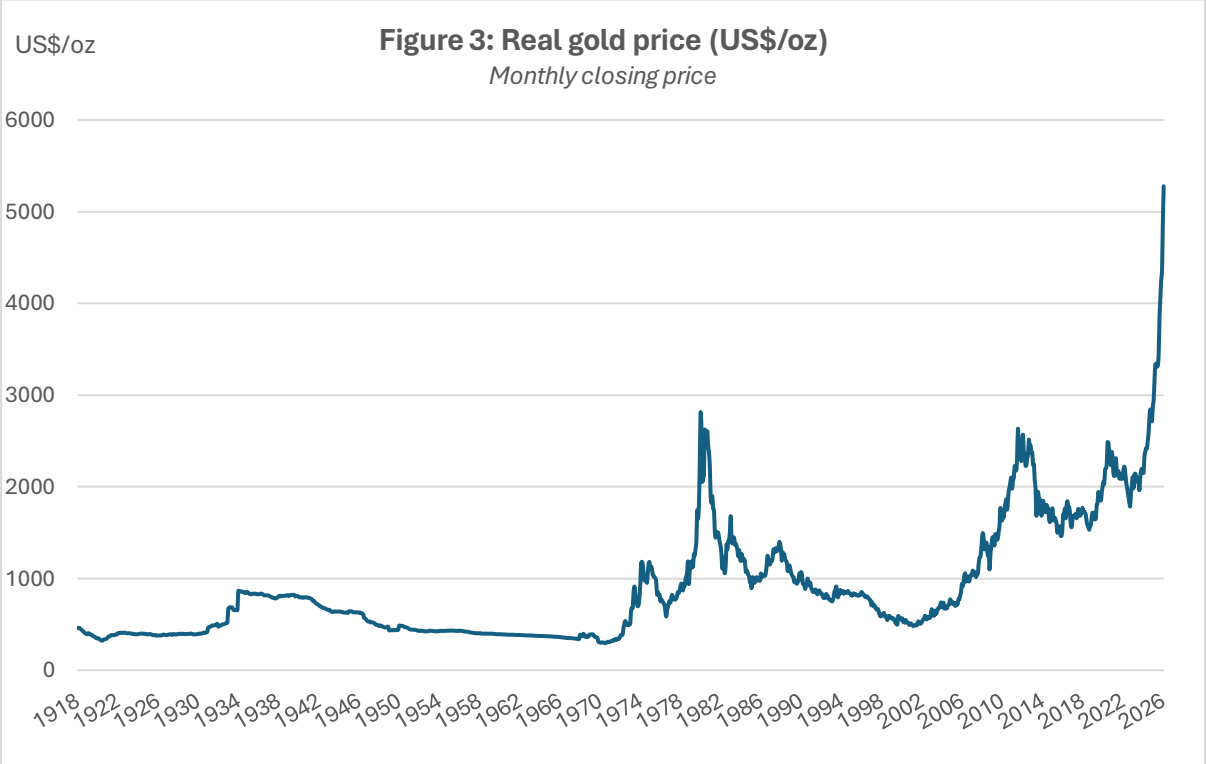
Monthly closing price



[17] "Gold Prices – 100 Year Historical Chart & Data" *Macrotrends*. https://www.macrotrends.net/datasets/1333/historical-gold-prices-100-year-chart

18. Gold prices recently reached all-time record highs, with the maximum ever daily gold price reached on 29 January 2026 at US$5,379 per ounce. However these prices are volatile: from 2 March to 25 March the price declined 18% to $4350.

19. Figure 3 adjusts these prices for inflation helps us understand how gold prices reflect broader economic trends, and that, while unusual, the changes that we are seeing in the gold price today are not entirely unprecedented.[18]



20. Until 1971 gold prices were set politically as part of the Bretton Woods system of fixed exchange rates. Since then, gold has increasingly been viewed as a store of value, with traders flocking to gold during periods of economic and/or geopolitical instability. Gold prices rallied dramatically, for example, during the 1970s oil price spikes and the 1978 Soviet invasion of Afghanistan, as investors sold their holdings of depreciating currencies and bought gold instead. While today's real gold prices are not as high as we saw during that period, the annual rate of change in real gold price in 1979 – 133% - is more dramatic than any year during the recent rally.[19] After spiking close to a real price of US$3000 per ounce for a few months in 1980, they soon declined. By 1985 real prices were below US$1000 per ounce and by 1999 had fallen below US$500 per ounce. From the 1980 peak to the 1999 trough, the real gold price declined by 83%. An equivalent decline in price today would leave a gold price of $862, less than half of the all-in sustaining cost outlined in the updated PFS.

[18] "Adjusted for inflation" *Macrotrends*. https://www.macrotrends.net/datasets/1333/historical-gold-prices-100-year-chart

[19] Ibid.

21. A lesser gold price spike was experienced in the wake of the global financial crisis as trust in the banking system deteriorated, with gold prices rallying from the 1999 trough to a real price of US$2,621 per ounce in August 2011, a 448 percent increase in just over a decade. As the US economy recovered and rising interest rates enticed investors away from gold and toward interest rate-linked financial assets, real gold prices fell by 43% in four years.

22. In both the 1980 and 2011 spikes we see dramatic increases followed by similarly dramatic declines in the real gold price. The trigger for the end of these rallies has tended to be rising interest rates, which make financial assets that are linked to interest rates relatively more attractive.

23. Bona fide gold users – like industrial users and jewellery manufacturers, for example – have a strong interest in seeing lower gold prices, and their businesses struggle when gold prices rally dramatically.

24. Today's changing geopolitics have certainly supported gold's rise. Russia's invasion of Ukraine, Israel's invasion of Gaza, US attacks on Venezuela and the US-Israeli war on Iran have all fragmented the global environment. US sanctions have impacted investment decisions and economic activity, while tariffs and threats thereof have impacted investor confidence. At the same time as this, the US Federal Reserve and other central banks around the world have been cutting interest rates, and therefore making interest rate-linked financial assets less attractive.

25. The rise of China as a world economic superpower is also important, as we enter an increasingly multipolar world. In 2022 the People's Bank of China (PBOC) – the largest central bank in the world (by reserve assets) – began liquidating large US Treasury bonds holdings and buying gold instead.[20] The PBOC engaged in large-scale gold buying for the 18 months to May 2024, resuming these acquisitions for the 16 months from December 2024 to the present.[21] Other central banks – including but not limited to the BRICS nations - have followed suit. This has also been supported by an increase in wholesale and retail interest, both in China and elsewhere, by investors who have sought to benefit from exposure to gold's rising value.

26. Rapid price movements are highly volatile, and subject to change rapid changes. While recent geopolitical events have helped propel the gold price to unprecedented high, the conditions underpinning the surge are neither permanent nor predictable. When such

[20] This helps reduce Chinese vulnerability to American financial sanctions and connected instability. In 2022 after some US$300 billion in Russian assets were frozen by US sanctions, China increasingly regarded its US$700 billion in Treasury bonds as risky, soon after beginning a de-dollarisation strategy.

[21] "China's central bank buys gold for 15th consecutive month" (6 February 2026) *Reuters* https://www.reuters.com/world/china/chinas-central-bank-buys-gold-15th-consecutive-month-2026-02-07/

pressures ease, gold prices have historically tended to reverted toward their long-running averages.

27. Over the last 2-3 years, the Reserve Bank of New Zealand and other central banks have cut their policy rates (i.e. the OCR), with RBNZ stating that the current 2.25% is an "accommodative" rate, below a neutral rate of around 3%.[22] Their OCR track from the February 2026 monetary policy statement already showed an OCR increase towards the end of 2026, which may start to make interest rate-linked financial assets relatively more attractive.

28. Inflationary pressures have grown since the US-Israeli attack on Iran, which has resulted in the closure of the Strait of Hormuz - through which a fifth of the world's oil trade passes – as well as substantial damage to Gulf energy infrastructure. Just a week after the attack began, Goldman Sachs noted that the level of disruption in the world oil trade was already 17 times the impact of Russia's 2022 invasion of Ukraine.[23] At the time of writing on 7 April the brent crude price had reached US$111.41 per barrel (up more than 60% on February 2026 prices),[24] while Asian LNG prices have already doubled.[25] Markets are now starting to price in near-term interest rate hikes by key central banks, pushing up inflationary pressure across the economy. If central banks hike rates it could have the effect of making interest rate-linked financial assets relatively more attractive, resulting in investors reducing their gold exposure.

29. The future gold price path is unknowable. While current geopolitical instability has helped push gold to record highs, the historical trend since 1971 has been characterised by sporadic spikes followed by prolonged periods of price correction. Because the project's life cycle far exceeds the typical duration of these price peaks, it is statistically probable - if not certain - that the gold price will eventually from peak into a significant price trough. Assuming that today's peak prices will persist throughout the project life cycle is completely unrealistic. For this reason the assumption of a gold price at or near today's relatively high price likely overestimates the total corporate tax and royalty revenue projections.

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[22] "Monetary Policy Statement" (February 2026) *Reserve Bank of New Zealand Te Putea Matua*, pp5 and 34. https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/publications/monetary-policy-statements/2026/feb-180226/mps_report_feb2026.pdf

[23] Jillian Ambrose "Oil prices 'could breach $100 a barrel within days' amid supply disruption from Iran war" (8 March 2026) *The Guardian*. https://www.theguardian.com/business/2026/mar/08/oil-prices-supply-disruption-iran-war-goldman-sachs

[24] "Brent crude oil" *Trading Economics*. https://tradingeconomics.com/commodity/brent-crude-oil

[25] "LNG Japan/Korea Marker PLATTS Future (JKMc1)LNG Japan/Korea Marker PLATTS Future (JKMc1)" *Investing.com*. https://www.investing.com/commodities/lng-japan-korea-marker-platts-futures

Base cases and current prices

30. The unpredictability of gold prices means that projections relying on spot or current prices are highly unlikely to be accurate throughout the project's entire lifecycle. For long-life mining projects this would mean substantial earnings risk, and therefore the industry tends to favour more conservative "base case" modelling when assessing financial flows. Base cases are typically constructed using three-to-five year trailing averages, which likely gives a somewhat reliable vision of the short-medium term horizon (2-3 years). However if the gold price cycle reflects a broader time-period – often decades between peaks – base case modelling is unlikely to be able to reliably project corporate tax and royalty revenues over a longer term. This is important, given the Bendigo-Orphir project currently has a 13.8 year life cycle from the beginning of production.

31. The PFS documents present both "base case" and "current price" scenarios for corporate tax and royalty revenue projection, which are listed in Australian dollars per ounce. Figure 4 collates those numbers from the PFS and the more recent Activities Report, and converts them into NZD using RBNZ exchange rate data[26] (calculated figures are in italics).

			Gold price	Corporate tax	Royalties	TOTAL
Nov-24 (@ 0.9061)	Base case	AUD	2894			
		NZD	*3194*			
	Current price	AUD	4000	800m	325m	1125m
		NZD	*4415*	*883m*	*359m*	*1242m*
July 25 (@ 0.9272)	Base case	AUD	3500	546m	232m	778m
		NZD	*3775*	*589m*	*250m*	*839m*
	Current price	AUD	4950	983m	410m	1393m
		NZD	5339	1060m	442m	1,502m
Dec-25 (@.8641)	Current price	AUD	7300	1729m	903m	2632m
		NZD	*8448*	*2001m*	*1045m*	*3046m*

Figure 4: Corporate tax and royalty projections

[26] "Exchange rates and Trade Weighted Index (B1)" (8 April 2026) *Reserve Bankf of New Zealand Te Putea Matua*. https://www.rbnz.govt.nz/statistics/series/exchange-and-interest-rates/exchange-rates-and-the-trade-weighted-index

32. No total corporate tax or royalty projection is calculated for the base case in the original November 2024 PFS or the December 2025 activities report. While these two projections are made just 13 months apart, the December total revenue (i.e. corporate tax plus royalties) figure of NZ $3046 million is 145% higher than the November 2024 total revenue figure of NZ $1242 million.

33. Given we are assessing the revenue implications of the project over a 13.8 year-long period, only limited weight should be placed on current price revenue assessments. For that reason, the most reliable figure provided in BOGP documentation is the base case provided in the July 2025 PFS, which is likely based on the trailing average of a longer time period (3-5 years). These figures are based on a base case price of NZ$3775 per ounce (US$2200) and project a total revenue figure of NZ $839 million, comprising NZ $589 million in corporate tax revenue and NZ $250 million in royalty revenue.

34. While a 3-5 year trailing average is likely more conservative than a current price projection, neither encapsulate the degree of certainty required to estimate future tax revenue. A trailing average in the context of a 132% rally in the gold price over two years to March 2026 will tend to replicate the recent market moment and discount longer-term trends. It may have some relevance in the short-term, but in the longer-term the numbers become much less reliable.

Year-by-year data

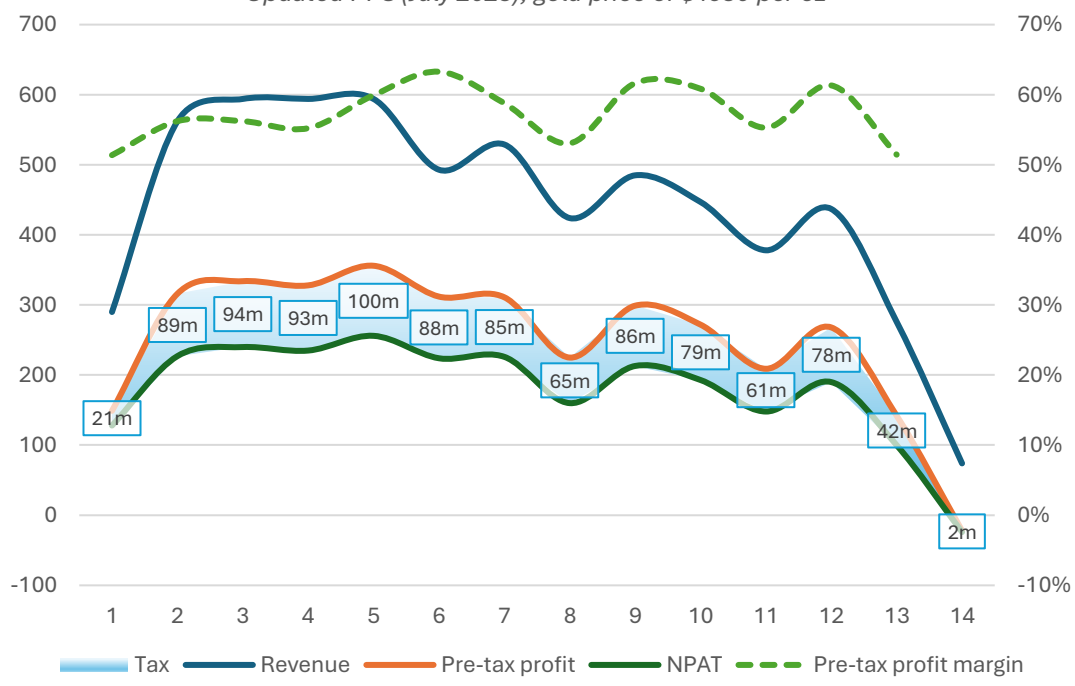
35. Table 24 in the Updated July PFS provides a more detailed year-by-year analysis of company earnings over the proposed project period, including revenue, cost of sales, pre-tax profit, corporate tax ("corporate tax payable") and royalty figures. The data presumes a consistent gold price will be maintained throughout the period. The price that is presented is the then-current gold price of A$4950 per ounce (NZ$5339 per ounce in July 2025 dollars).

36. The data is presented in Figure 5 in Australian dollars. Total project revenue is the blue line, reaching ~$600 million for years 2-5 before zigzagging downwards to ~$400 million in year 12, then dropping off completely. Pre-tax profit (the orange line) wobbles around $300 million for most of the decade, resulting in pre-tax profit margins of 50-60% over most of the period. The average pre-tax profit margin for the first 13 years of the project here is 57%.[27] The numbers in the shaded light blue sections are the annual corporate tax projections. The total projected corporate tax revenue over that period is calculated as A$983 million, or NZ$1,060 million at the July 2025 exchange rate.

[27] The final year is excluded because that year revenue declines significantly and taxable income goes negative, rendering a large negative number, which distorts the average.

Figure 5: Bendigo-Ophir projected profitability

Updated PFS (July 2025), gold price of $4950 per oz

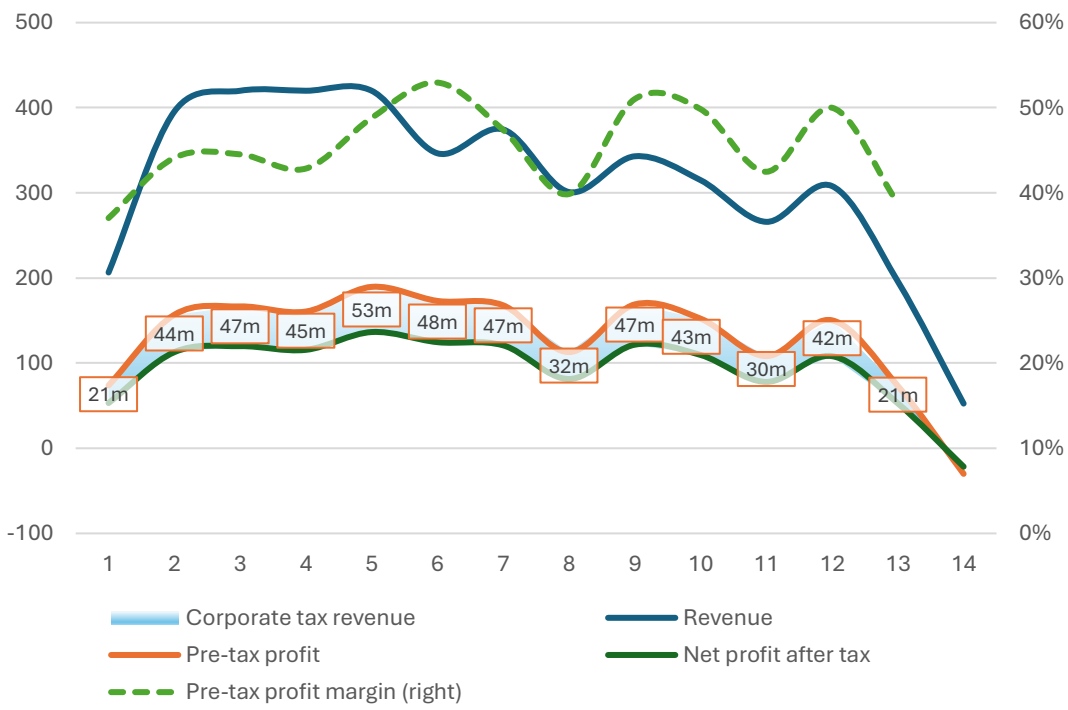


37. It is unclear whether the Table 24 data accounts for accelerated depreciation provisions (discussed in [45 – 49]).

38. There are issues with the "royalties" line presented in Table 24, which appears to add both Crown royalties and third-party royalties together to reach the figure of $576 million. This figure is 40% higher than $410 million outlined at the beginning of the document. While both Crown royalties and third party royalties are both costs for the company and may be treated the same in the company accounts, third party royalties should not be considered as relevant for the analysis of public revenue derived from a project.

39. Figure 6 estimates the year-by-year corporate tax revenue based on the more conservative base case of AU$3500 (NZ$3776) per ounce, again in Australian dollars. This presumes that costs are broadly the same, but adjusts royalties downwards (since they are determined as a function of either revenue or profit). This year-by-year estimate generates very similar aggregate corporate tax revenue figures to the headline figures noted on the first page of the updated PFS - $A543 million (vs. A$546 million in the PFS) or NZ$585 over the project life cycle. The average pre-tax profit margin over the first 13 years of the project is 45%.

Figure 6: Estimated year-by-year corporate tax revenue



40. While this average margin is substantially lower than the 57% calculated for the then-current price of A$4950, it is substantially higher than the recent history of other companies. As I noted in the OceanaGold fast track application for the Waihi North mine, that company enjoyed average pre-tax profit margins over the last decade of 14%, which hit a high of 22% for the year ending 31 December 2024 amidst rising gold prices.[28] It should be noted that OceanaGold have substantially greater experience in the actual extractive phase and that their estimates of costs (and therefore profitability) may have greater certainty than those made by Santana.

41. The foregoing discussion suggests that while current price modelling may be able to project corporate tax and royalty revenue in the immediate short-term, this is increasingly unreliable in the longer term. Figures 5 and 6 both appear to suggest that project benefits – like firm revenue and corporate tax revenue – are stacked towards the earlier years of the project, and we can assume that this would be the same in a more conservative base case scenario. Comparison with Oceana Gold's revenue also indicates that the applicant's predicted margin is overly optimistic to a significant degree.

[28] "Evidence of Edward Miller" https://www.fasttrack.govt.nz/__data/assets/pdf_file/0014/11192/A.13-evidence-of-Edward-Miller-tax-projections-discussion-paper.pdf

Discount rates

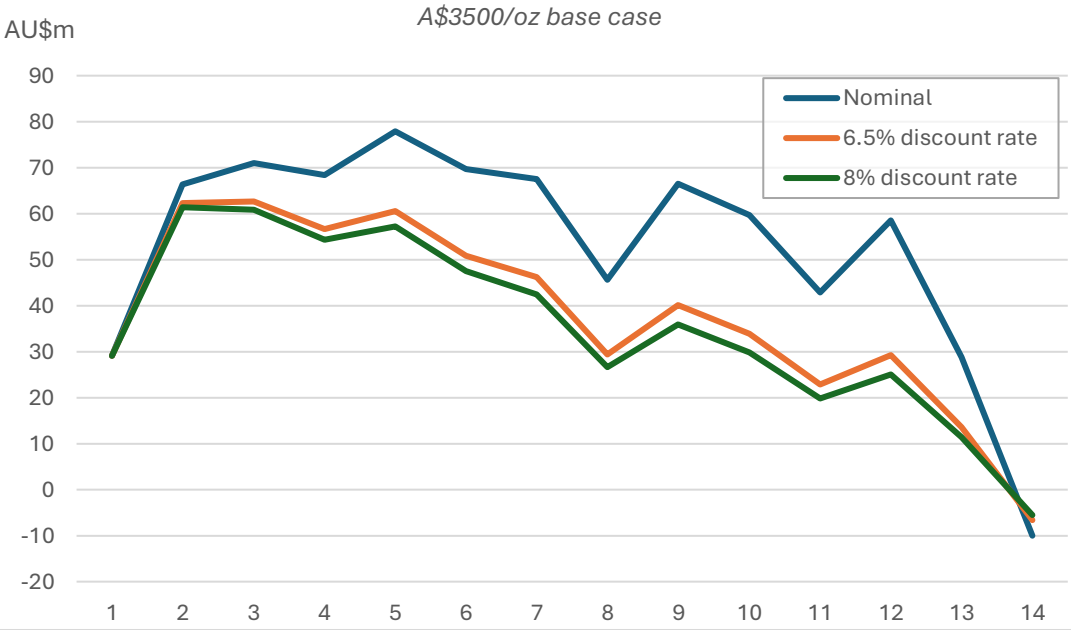
42. Between the November 2024 PFS and the July 2025 update, the discount rate applied to the project declines from 8% to 6.5% in the updated June 2025 PFS, which "reflects project de-risking".[29] The document is not clear on what in particular changes they have relied on to justify the claim that the project has been de-risked.

43. Discount rates impact the net present value of the projected tax take, taking into account the time value of money (i.e. inflation, opportunity costs etc). Using the year-by-year data from Figure 3 (and royalty figures calculated based on revenue and pre-tax profit), Figure 4 presents those as the combined annual corporate tax and royalty revenue on a year-by-year basis, discounted by the two rates from the respective PFSs.

44. Applying the original 8% discount rate generates a net present value of the total corporate tax and royalty of A$496 million (NZ$535 million), 33% less than the estimated nominal figure of A$742 million[30] (NZ$800 million). The more modest 6.5% discount rate that is applied in the July 2025 updated PFS marginally increases the net present value figure to A$531 million (NZ$576 million). Stating nominal figures rather than calculating the net present value - particularly for revenue paid in later years - appears to have the effect of overstating total tax revenue. This is particularly relevant when factoring in the impact of accelerated depreciation, which we look at in the next section.

Figure 7: Net present value of estimated public revenue

A$3500/oz base case



[29] P2 of updated PFS.

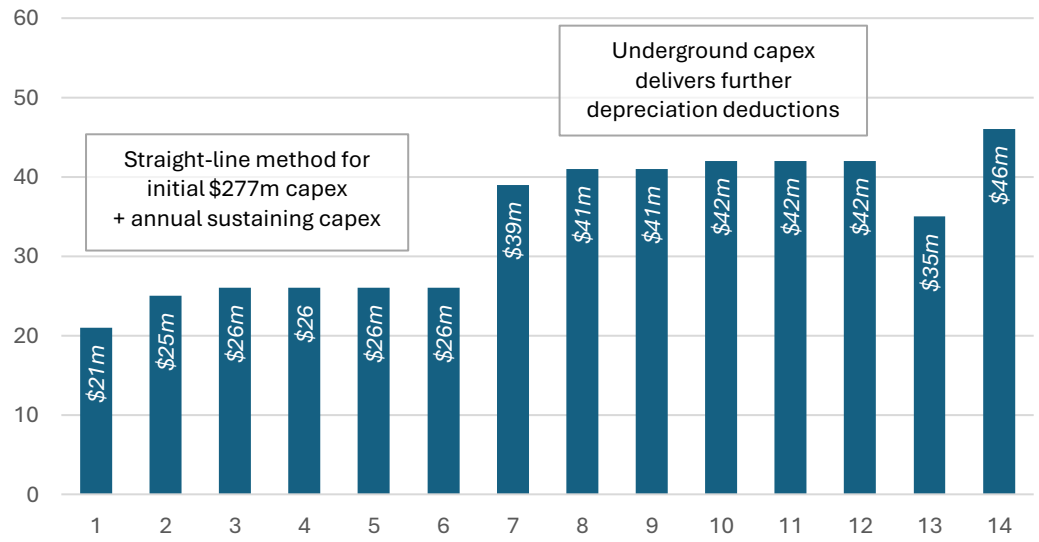
[30] This combined figure is slightly lower than the figures presented in the Updated PFS (A$546 million in corporate tax revenue and $232 million in royalties, together totaling A$778 million). Note 2, p2.

Accelerated depreciation

45. It is unclear whether the July 2025 PFS accounts for the accelerated depreciation provisions announced in Budget 2025[31] that allow the deduction of up to 20% of the value of capital expenditure in the first year of operation, rather than the straight-line accounting depreciation, which distributes the cost of an asset evenly over its economic life (in this case 13.8 years). Frontloading those deductions reduces taxable income in the early years of production, delivering free cash flow to shareholders faster.

46. Depreciation is listed as part of 'depreciation and amortisation' in the July 2025 PFS. The July 2025 updated PFS has $480 million in depreciation and $487 million in capex, comprising $277 million in pre-production capital, $85 million in underground infrastructure and $126 in sustaining capex. The annual breakdown does not appear to reflect a front-loading of depreciation benefits: instead it appears as though the initial capex is being claimed over the lifetime of the assets, with additional smaller amounts of sustaining capital depreciation being claimed until around year 7, where underground operations begin and the overall deduction increases.

Figure 8: Is depreciation front-loaded?



47. Under the Investment Boost rules Santana would be able to front-load these deductions. Deductions relating to the $277 million in initial capital expenditure would

[31] Accelerated depreciation is a tax incentive that operates on the time value of money. A dollar today is worth more than a dollar in a decade, both because of inflation but also because of the opportunity cost tied up seeking a return. A firm that can deduct more its capital costs upfront keeps more of its cash in the early years, creating opportunities for further investment, or delivering returns to shareholders earlier, raising share prices. By contrast, a tax deduction delayed into future saves a company a dollar that has already lost value to inflation and has not had time to compound.

be claimed at 20% over each of the first five years, amounting to $54 million a year until Year 5, which is much more than the $21-26 million deductions claimed in years 1-6. Also under Investment Boost, the $126 million in sustaining capex can be claimed at 20% in the first year of expenditure followed by straight-line method thereafter, moving other deductions forward. Those larger deductions shield cash-flow from tax liability in the early years of the project, while a subsequent $85 million in underground capex creates an additional tax shelter from about year 7 onwards.

48. The July 2025 updated PFS suggests that Santana stands to benefit substantially from accelerated depreciation, which brings large tax deductions forward into years when each dollar of tax saved has the greatest economic value. This early-year boost to cash flow may explain the company's assertion that the project has been "de-risked," which it uses to justify the reduction in the discount rate from 8% to 6.5%.

49. Because accelerated depreciation shifts deductions into the early years of the projects, it also pushes tax payable – and therefore the state's corporate tax revenue – into the later years of the project. In the short-to-medium term, I can say with relatively certainty that the company will benefit from relatively high gold prices that may reflect the base case or even the current price. During this earlier period, they can make larger upfront deductions, sustaining greater cash flow for the company. It is only in the longer-term, however, when the likelihood of sustaining relatively high gold prices becomes increasingly uncertain, that the government would book the bulk of its tax revenue (provided there is sufficient benefit to still book taxable profits). Not only has the likelihood of tax payable declined substantially by this point, but whatever payments are received will be heavily discounted.

Conclusion

50. The revenue projections presented in the Bendigo–Ophir PFS rely heavily on gold-price assumptions that cannot be sustained across a 13.8-year mine life. While nominal prices have risen sharply, real price movements remain consistent with past cycles, all of which have eventually reversed. This makes current-price scenarios unsuitable for long-term fiscal forecasting. Even the conservative base case – which slashes both corporate tax revenue and royalty projections in half – captures only the recent period of exceptional strength and cannot reliably predict a commodity cycle that typically spans decades. Any corporate tax or revenue projection based on this is, in the long-term, highly uncertain.

51. My estimated year-by-year base case modelling reinforces the point. Headline totals fall further once appropriate discounting is applied, and the shift from an 8% to 6.5% discount rate materially inflates the project's perceived benefits without clear justification. Accelerated depreciation further back-loads corporate tax revenue,

pushing more of the state's purported revenue into later, riskier years, in which it is heavily discounted.

52. All of this is prior to the possible use of revenue-shifting measures – such as related party financing or management service fees – that we would not be able to see until the company begins filing financial statements, but could have the effect of further reducing taxable income in New Zealand.

53. Taken together, the figures presented in the PFS appear to materially overstate long-term public revenue while understating issues with timing, volatility, and risk.