



ABN: 48 119 978 013

ASX Announcement (ASX: TSC)

2 July 2019

Junior Minerals Exploration Incentive – Successful application for 2019/20 Income year

- **Twenty Seven Co. has been successful in its application for participation in the Federal Government's Junior Minerals Exploration Incentive Scheme (JMEI) for the 2019/20 income year.**
 - **2019/20 JMEI credits are only available to new Twenty Seven Co. shares (Shares) issued between 1 July 2019 and 30 June 2020 (Eligibility Period).**
 - **The JMEI credits will be applied by the ATO to income tax assessed for the year ended 30 June 2020.**
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Twenty Seven Co. Limited (ASX: TSC) has been advised by the Australian Taxation Office (ATO) that its application to participate in the Junior Minerals Exploration Incentive (JMEI) scheme for the 2019/20 income year has been accepted.

The JMEI Scheme


The Federal Parliament passed legislation in March 2018 that introduced the JMEI scheme with effect from 1 July 2017. This scheme is voluntary and companies must apply each year to participate. The Scheme is administered by the Australian Taxation Office (ATO).

The JMEI scheme enables eligible exploration companies to create exploration credits to pass on to shareholders by forgoing a portion of the carried forward tax losses. The tax losses must have arisen from allowable expenditure on greenfield exploration.

The JMEI applies to Australian residents who acquire new shares in a greenfields minerals explorer before the end of an income year in which the Commissioner has made an exploration credits allocation. The shares must be equity interests for the purposes of the debt and equity tax rules.

Australian resident shareholders that are issued with exploration credits will generally be entitled to refundable tax offsets (for individual shareholders or superannuation funds) or franking credits (for companies).

The exploration credit that can be issued to an investor is limited to the amount paid by the investor to acquire the new shares multiplied by the corporate tax rate. Exploration credits must be issued in proportion to each eligible investor's investment so streaming of exploration credits to particular investors is not permitted.

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Twenty Seven Co.'s participation in the scheme

The ATO has confirmed that Twenty Seven Co. has been successful in its application for \$345,000 JMEI credits for the 2019/20 year. Only those shareholders (**Eligible Shareholders**) who acquire new Twenty Seven Co. shares between 1 July 2019 and 30 June 2020 (**Eligibility Period**) are entitled to receive JMEI credits.

Investors should be aware that Twenty Seven Co. cannot guarantee that Eligible Shareholders will receive the maximum number of JMEI credits available as the actual number of JMEI credits received by each Eligible Shareholder for the 2019/20 income year will be dependent on a number of factors including:

- the total number of new Twenty Seven Co. shares issued between 1 July 2019 and 30 June 2020;
- the actual amount of allowable exploration incurred by Twenty Seven Co. in the 2019/20 financial year;
- Twenty Seven Co.'s tax losses for the 2019/20 financial year, and
- each shareholder's individual financial circumstance.

Receiving a JMEI credit could have tax consequences, therefore, all Eligible Shareholders are encouraged to seek their own independent advice before making a decision on whether to exercise options or participate in any offer to acquire new Shares in the Company.

Eligible Shareholders will be notified by the Company of their JMEI credit entitlement in the approved form once Twenty Seven Co. has lodged its 2019/20 tax return, and these JMEI credits will apply to income tax assessed for the year ended 30 June 2020.

For further information about the JMEI refer to the Australian Taxation Office website ([click here](#)).

For further information please contact:

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