



Junior Minerals Exploration Incentive

The Junior Minerals Exploration Incentive (JMEI) encourages investment in greenfields minerals exploration companies.

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This page contains the data required to be published for each year of the JMEI.

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About the JMEI

What the JMEI is, the annual exploration credits caps and how we allocate exploration credits.

Last updated 13 March 2024

What is the JMEI?

The JMEI encourages investment in small minerals exploration companies that carry out greenfields mineral exploration in Australia.

Eligible exploration companies can generate tax credits by choosing to give up a portion of their losses from greenfields mineral exploration expenditure.

These tax credits can then be distributed to investors who purchase newly issued shares in that eligible entity during a certain period.

Australian resident shareholders issued with an exploration credit are entitled to either:

- a refundable tax offset
- additional franking credits if they are a corporate tax entity.

The exploration company's carry forward losses will be reduced proportionately to reflect the amount of exploration credits issued to

its shareholders.

How we allocate exploration credits

The JMEI is voluntary. To participate, companies need to electronically lodge their participation form with us by the due date.

We allocate each eligible entity an exploration credit allocation on a first come, first serve basis until the annual exploration credit cap is exhausted.

If any part of the annual exploration credit cap is unallocated for an income year, that amount is carried over to the following income year. You cannot have an unused allocation of exploration credits from the 2020–21 income year in the 2021–22 income year.

Annual exploration credit caps for 2018 to 2021

The JMEI applied from the 2017–18 income year, with exploration credits capped over a 4-year period as follows:

- \$15 million in the 2017–18 income year
- \$25 million in the 2018–19 income year
- \$30 million in the 2019–20 income year
- \$35 million in the 2020–21 income year.


An [approved regulation added \\$5 million](#) in unused exploration credits from the 2017–18 income year to the 2020–21 income year.


Annual exploration credit caps for 2022 to 2025

On 5 May 2021, the Australian Government announced it will invest a further \$100 million over 4 years to extend the JMEI to the end of June 2025.

The extension applies from the 2021–22 income year, with exploration credits capped over a further 4-year period as follows:

- \$25 million in the 2021–22 income year
- \$25 million in the 2022–23 income year
- \$27.15 million in the 2023–24 income year
- \$29.77 million in the 2024–25 income year.

An [approved regulation added \\$2.15 million](#)  in unused exploration credits from the 2021–22 income year to the 2023–24 income year.

An [approved regulation added \\$4.77 million](#)  in unused exploration credits from the 2021–22 and 2022–23 income years to the 2024–25 income year.

Contact us

For more information, email us at JMEI@ato.gov.au.

QC 72424

Eligible exploration companies

Requirements you must meet to participate in the Junior Minerals Exploration Incentive (JMEI).

Last updated 15 June 2018

In order to participate in the JMEI, you:

- must be a greenfields minerals explorer – a greenfields mineral explorer must be a constitutional company that is a disclosing entity under section 111AC of the *Corporations Act 2001*
- must have incurred greenfields minerals expenditure for the income year
- or an entity that is affiliated or connected to you, must not have carried on any mining operations for the extraction of minerals for the purposes of generating assessable income during the current income year and during the immediately preceding income year in which greenfields minerals expenditure is incurred.

Eligibility is determined each year for which you apply to participate in the JMEI.

See also:

- [Greenfields minerals exploration expenditure](#)
- [How to participate in the JMEI](#)

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Greenfields minerals exploration expenditure

How to work out your greenfields minerals exploration expenditure for an income year.

Last updated 26 March 2018

Your greenfields minerals exploration expenditure for an income year will be the sum of the amounts you can deduct in that income year for:

- minerals exploration and prospecting
- the decline in value of a depreciating asset that is immediately deductible on the basis it was first used for exploration or prospecting.

Greenfields minerals expenditure does not include deductions related to:

- the exploration for petroleum or oil shale
- feasibility studies to evaluate the economic feasibility of mining a discovered resource.

Minerals exploration or prospecting for the purposes of the JMEI must be in an area:

- that is land within Australia
- over which the entity holds a mining, quarrying or prospecting right or interest, or is the transferee under a farm-in farm-out arrangement
- that has not been identified as containing a mineral resource that is at least inferred in a [JORC Code](#)  report or other prescribed document.

What is exploration or prospecting for minerals?

For the purposes of the JMEI, exploration and prospecting will include:

- the ordinary, natural meaning of exploration and prospecting
- the matters expressly identified in subsection 40-730(4) of the *Income Tax Assessment Act 1997*, other than expenditure on studies to evaluate the economic feasibility of mining a discovered resource, as these activities are specifically excluded from greenfields minerals expenditure
- activities so closely or directly linked with exploration or prospecting for minerals that they are reasonably considered to be part of it.

Examples of exploration expenditure include:

- environmental or heritage protection studies undertaken as preparation for, or part of, an exploration program
- the costs of marking out an exploration area with posts, such as pegging
- rent paid to a government on claims.

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How to participate in the JMEI

Work out how to participate in the voluntary Junior Minerals Exploration Incentive (JMEI).

Last updated 7 May 2024

Completing the form

To participate in the Junior Minerals Exploration Incentive (JMEI), you need to notify us of the following items. Provide estimates for the income year in which you're applying to participate:

- greenfields minerals expenditure
- tax loss
- corporate tax rate applicable to you

- amount of capital you intend raising.

You can notify us by completing the **Junior Minerals Exploration Incentive Participation form (NAT 74949)** and lodging it through **Online services for business** or **Online services for agents**.

Lodgment due dates

If you wish to participate in the JMEI, you need to lodge your participation form within the times and dates outlined in the table below:

Table 1: Lodgment application dates

Income year	Application period opens	Application period closes
2021–22	9:00 am AEST on 16 July 2021	11:59 pm AEST on 15 August 2021
2022–23	9:00 am AEST on 1 June 2022	11:59 pm AEST on 30 June 2022
2023–24	9:00 am AEST on 1 June 2023	11:59 pm AEST on 30 June 2023
2024–25	9:00 am AEST on 4 June 2024	11:59 pm AEST on 30 June 2024

Participation in the JMEI is voluntary and participation is on a first come, first served basis.

You must lodge your participation form within the timeframes in this table. Participation forms received before the opening of the application period or those received after the application period closes won't be considered.

If you have a substituted accounting period (SAP), you need to link your application to the financial year corresponding to your SAP income year.

This means you may have to estimate the greenfields minerals expenditure you expect to incur during the remainder of your income year.

Allocation of an exploration credit amount

We will consider all JMEI applications in the order we receive them until the annual exploration cap for the particular year is exhausted. The maximum amount of the annual exploration cap you can access is 5%.

We'll determine your exploration credit allocation for the relevant income year based on the information you provide. We'll notify you of your allocation in writing as soon as practical after you've lodged your application.

If we have information that raises concerns about the reasonableness of your application, you may be prevented from participating in the JMEI for that year. In assessing the reasonableness of your application, we may consider whether you:

- meet the eligibility requirements for participating in the JMEI
- have a history of failed capital raisings
- have no previous experience in undertaking exploration activities
- are an entity that is an affiliate of, or connected with, another entity that has carried on or is carrying on mining operations.

If we receive your application after the annual exploration cap has been exhausted, you won't receive an exploration credit allocation. If you don't receive a written notification from us about the status of your application and allocation of exploration credits, your allocation of exploration credits for the relevant period is nil.

Exploration investments and creating exploration credits

An exploration investment arises when you issue ordinary shares to an investor on or after the day the Commissioner has provided you with an exploration credit allocation and before the end of that income year. You cannot issue exploration credits in relation to existing equity interests.

You can go to market to raise new capital as soon as you've received a written determination from us stating your exploration credit allocation for a particular income year. Once you've conducted your capital

raising, you can create and issue exploration credits to your investors who make an exploration investment.

To create credits, you must first have:

- lodged your tax return
- been assessed for income tax for the income year which relates to the year you're creating exploration credits for.

You can only make one decision to create an amount of exploration credits for an income year and cannot revoke or modify that decision.

The maximum amount of credits you can create for an income year, is the lesser of the following – your:

- actual greenfields exploration expenditure for the income year multiplied by your corporate tax rate for the income year
- actual tax loss for the income year multiplied by your corporate tax rate for the income year
- exploration credits allocation determined by us plus any unused portion of your exploration credits allocation relating to the preceding income year.

The amount of exploration credits you create cannot exceed the [maximum amount of exploration credits you're actually able to distribute](#).

Note: You can't have an unused allocation of exploration credits from the 2020–21 income year in the 2021–22 income year.

Example: work out the maximum amount of exploration credits

For the 2018–19 income year, GreenfieldCo had:

- a corporate tax rate of 30%
- incurred greenfields exploration expenditure totalling \$1 million
- incurred a tax loss of \$750,000
- received an exploration credits allocation totalling \$400,000.

The maximum amount of exploration credits GreenfieldCo can create is \$225,000 being the \$750,000 tax loss multiplied by the 30% corporate tax rate that applied for the income year.

After you've created exploration credits for an income year, you must reduce your tax loss by dividing the total amount of exploration credits you created by the corporate tax rate that applied to you for that year. If there are losses remaining, you need to amend the relevant losses schedule that accompanies your income tax return to reflect the amount of losses remaining.

Example: amend tax return to disclose losses

GreenfieldCo creates \$210,000 of exploration credits for the 2018–19 income year.

Therefore, GreenfieldCo will need to reduce its tax loss by \$700,000 ($\$210,000 \div 30\%$). GreenfieldCo will then need to amend its 2018–19 income tax return to disclose the \$50,000 ($\$750,000 - \$700,000$) balance in the 2019 losses schedule. This amount may be available to offset future assessable income amounts.

Issuing exploration credits

You can only issue exploration credits to investors who made an eligible exploration investment for the income year or the immediately preceding year. The amount of exploration credits you issue to an investor is limited by:

- the amount of eligible exploration investment made by that investor multiplied by the income tax rate that applied to you for the income year.

Example: work out amount of exploration credit to issue to investors

For the 2019–20 income year, GreenfieldCo receives an exploration credit allocation of \$300,000 and:

- raises \$1 million in capital, which is an eligible exploration investment
- incurs eligible greenfields exploration expenditure of \$8 million
- incurs a tax loss of \$8.5 million
- is subject to a corporate tax rate of 30%.

Despite incurring eligible greenfields exploration expenditure of \$8 million, the fact that GreenfieldCo was only able to raise \$1 million in capital means the amount of exploration credit that can be issued to eligible investors is \$300,000 (30% of \$1 million).

In issuing exploration credits, you must first determine which of the 3 potential scenarios apply to you.

Scenario 1 – No unused allocation of exploration credits from the preceding year:

- You can only issue credits to investors that made an exploration investment in the relevant income year.
- You cannot issue exploration credits to investors that made an exploration investment in the preceding year.

Scenario 2 – Exploration credits created for the year exceed the unused allocation of exploration credits from the preceding year:

- You must issue credits to investors who invested in the immediately preceding year before you issue them to those who made an investment in the relevant income year.

Scenario 3 – Exploration credits created for the year are equal to or less than the unused allocation of exploration credits from the preceding year:

- You'll only have sufficient credits to issue to investors who invested in the preceding year.
- The amount of credit you issue to an investor cannot exceed the amount of the investor's exploration investment multiplied by the corporate tax rate that applies to you for the relevant income year.

Exploration credits that you create but do not issue will expire.

Example: work out amount of exploration credits that will expire

During the 2018–19 income year, GreenfieldCo raises \$600,000 in capital after receiving an exploration credit allocation from us.

Therefore, GreenfieldCo will only be able to distribute \$180,000 of the exploration credits despite creating \$225,000 in exploration credits.

As a result, \$45,000 worth of exploration credits will expire at the end of the income year.

Notifying eligible investors of their entitlement to exploration credits

You must provide written notification to investors who made an exploration investment that contains the following:

- your entity name
- your Australian business number (ABN)
- the date the exploration credits are issued and the income year in which they must be included in the investor's tax return
- the amount of exploration credits issued to the investor under Subdivision 418-E of the *Income Tax Assessment Act 1997* (ITAA 1997)
- a statement that the issuing of the exploration credits complies with section 418-120 of the ITAA 1997.

Notifying us of the issuing or expiry of exploration credits

For each relevant income year, you must notify us of the amount of exploration credits you:

- issued
- have created and have now expired.

You can do this by completing the notification of the issue or expiry of exploration credits form (NAT 74948) and lodging it with us.

Notifying us if there is no exploration investment in the same income year exploration credits have been allocated

For each relevant income year, you must notify us if:

- the Commissioner has made a determination under section 418-101 allocating the entity exploration credits for an income year; and
- no exploration investment is made in the corresponding income year.

You can do this by completing the junior minerals exploration incentive notification of no exploration investment form (NAT 75426). Lodge it with us within 30 days after the end of the income year.

If no exploration investment is made in the income year, the amount of your exploration credits allocation for the income year is nil.

Example: amount of credits allocated if no investment is made

During the 2021–22 income year, DeanCo didn't raise any capital after receiving an exploration credit allocation from us. Therefore, DeanCo's exploration credits for the 2021–22 income year will be nil.

When you need to notify us

If you're an investment body for Part VA investments, you must lodge this form on or before the due date of your annual investment income report for the subsequent income year.

For all other entities, you must lodge this form on or before the due date of your tax return for the subsequent income year.

Notifying us of the distribution of excess exploration credits

If you have distributed exploration credits in excess of your maximum exploration credit amount, you'll be liable to pay tax equal to the amount of the excess issued. You may also be liable for interest and penalties.

Where this occurs, you must lodge an **excess exploration credit tax return** (JS 36219). You must also pay any amount of excess exploration credits tax by 21 July of the financial year corresponding to the income year in which you distributed the excess exploration credits. Penalties and interest may apply if you don't lodge or pay on time.

QC 54872

What to do if you receive exploration credits

What you need to do if you receive exploration credits from a greenfields minerals explorer.

Last updated 26 March 2018

This information will help determine what to do when you receive exploration credits and you are:

- an [individual](#)
- a [corporate tax entity](#)
- a [trust or partnership](#)
- a [superannuation entity or self-managed superannuation fund](#)
- a [life insurance company](#).

If you have received exploration credits through a trust or partnership, you may be entitled to a tax offset or franking credit equal to your share of the exploration credits issued to the trust or partnership.

Your share of exploration credits must be the same as the share that you would be entitled to receive of an equivalent franked distribution to the trust or partnership from the same source.

You are only able to benefit from your share of exploration credits to the extent that you would have been entitled to a tax offset if the distribution of the exploration credit from the trust or partnership were instead a distribution of a hypothetical franked distribution that:

- was of the same amount as your share of the exploration credit
- was made by the same entity that issued the exploration credit, in the same circumstances for the same interests
- if you are a corporate tax entity, was made to you as if you were not a corporate tax entity.

See also:

- **You and your shares 2017** – provides further information on entitlement to tax offsets on franked distributions from a trust or partnership.

Individual

If you are an Australian resident for the whole of the income year, you may be entitled to a refundable tax offset equivalent to the amount of exploration credits you received.

If you received exploration credits directly or indirectly from your shareholdings in a greenfields minerals explorer, you can claim your tax offset by completing the supplementary section of the individual tax return. The exploration credits are claimed under the 'other refundable tax offsets' item.

If you are also claiming tax offsets other than in relation to exploration credits for the income year, you will need to follow the instructions contained in the individuals supplementary tax return for the relevant income year.

Corporate tax entity

If you are an Australian resident taxpayer for the whole of the income year, you can recognise amounts of exploration credits received as a franking credit in your franking account and distribute these to your shareholders. You are not entitled to refundable tax offsets for exploration credits you receive.

Trusts or partnerships

Trusts and partnerships are generally unable to directly benefit from exploration credits however you may be able to distribute the credits to your beneficiaries or partners. If you are a trust or partnership, you must provide a distribution statement to your beneficiaries or partners advising of the exploration credits received and their share of the credits for the income year.

The share of the exploration credits must be the same as the share they would be entitled to receive in relation to an equivalent franked distribution to the trust or partnership from the same greenfields minerals explorer.

You must provide this distribution statement to your eligible beneficiaries or partners prior to lodging your tax return.

If you are a trust that is an investment body, then you must provide the distribution statement to your eligible beneficiaries before lodging your annual investment income report.

The distribution statement must contain the following:

- the trust or partnership name
- their share of the exploration credits under Subdivision 418-E of *Income Tax Assessment Act 1997* (ITAA 1997) for the income year
- the name and ABN of the greenfields minerals explorer that issued the exploration credits to the trust or partnership
- a statement that the trust or partnership would, apart from subparagraphs 418-10(b)(ii) and (iii) of the ITAA 1997, have been entitled to a tax offset under Subdivision 418-B for the income year the exploration credit was issued by the greenfields minerals explorer.

If you are distributing exploration credits from more than one greenfields minerals explorer, you must ensure the statement you provide separately itemises each greenfields minerals explorer.

If you are a trustee that is liable to tax under subsections 98(1), 98(2), 99(2) or 99(3) of the *Income Tax Assessment Act 1936*, you may be entitled to a tax offset for the exploration credits received that are not distributed to your beneficiaries.

A superannuation entity or self-managed superannuation fund

You are entitled to a refundable tax offset where you were an Australian resident for the whole income year and received exploration credits.

The amount of your tax offset is the value of the exploration credits you received during the income year. You should include that amount at the exploration credits tax offset item in your tax return.

Life insurance company

You are eligible to receive refundable tax offsets for exploration credits received from investments you hold on behalf of your policy-holders. If you are an Australian resident for the whole of the income year and received exploration credits on shares you hold on behalf of your policy holders, you must include the amount at the refundable tax offsets item in the calculation statement in the company tax return.


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Reporting information about the JMEI

This page contains the data required to be published for each year of the JMEI.


Last updated 5 October 2023


We are required to publish the ABNs, names of entities and the amount of each entity's exploration credits allocation for each year of the JMEI.

We publish this information on data.gov.au  as soon as it is available after the application period closes.

Annual impact assessment report

We are required to publish a copy of a report of an impact assessment for each income year of the JMEI.

A copy of the JMEI 2018–19 annual impact assessment can be found on the [Department of Industry, Science and Resources \(DISR\) website](#) .

The [2017–18 annual impact assessment](#)  is also available on the DISR website.

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Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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