



**CO-FUNDED GOVERNMENT – INDUSTRY DRILLING PROGRAM
DEPARTMENT OF MINES AND PETROLOEUM
WESTERN AUSTRALIA**

Financial Year 2009/10 program

Guidelines for submission of proposals

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*Please refer to the website of the Department of Mines and Petroleum for the **latest information** on the Co-funded Government – Industry Drilling Program.*

Homepage: www.dmp.wa.gov.au

Released: April 2009

1. INTRODUCTION

The Co-funded Government - Industry Drilling Program is being funded by the State Government to provide a stimulus to geoscience exploration and contribute to the economic development of Greenfield regional areas of Western Australia. As part of the five year \$80 million Exploration Incentive Scheme funded out of the Royalties for Regions Initiative, the Western Australian Government in April 2009 announced that \$3 million would be made available in 2009/10 to stimulate innovative exploration drilling in Greenfield areas of the State. The new program is administered by the Department of Mines and Petroleum.

Geoscience exploration includes mineral, petroleum and geothermal exploration with drilling to be undertaken in areas that have economic mineral, petroleum, or geothermal potential, but where various geological or other factors have discouraged investment.

The Department of Mines and Petroleum is now seeking proposals from applicants to undertake exploration drilling projects jointly funded by the successful applicants and the Department. The Government contribution to each successful project will be limited to \$150 000.

In 2009-2010 the co-funded drilling program will consider applications from the whole state and will preferentially fund high quality, technically and economically sound proposals that promote new exploration concepts and new exploration technologies.

Following the completion of all drilling in 2009-2010, the Department of Mines and Petroleum will review the overall results, outcomes and successes from the assistance program. This review, in consultation with industry, will contribute to improvements to the program of 2010-2011.

As the Scheme is voluntary, the program provides for the release to Open File of new information from drilling after a maximum confidentiality period of six months from end of drilling.

2. DEFINITIONS

“Director General” means the Director General of the Department of Mines and Petroleum.

“Minister” means the Minister for Mines and Petroleum.

“Applicant” means the company, institution or individual submitting a proposal.

“Funding Agreement” means the agreement of conditions of funding grant between the parties. These Guidelines form part of the Funding Agreement.

“Proposal” means the documentation prepared and submitted to the Director General in an application for Government - Industry Drilling Co-funding.

“Project” means the work undertaken by the successful Applicant in accordance with the Proposal.

“**Closing Date**” means 5pm on the 15th of May 2009. This is the last day to submit a proposal.

“**Completion Date**” means the date of submission of final report including core. This must not be later than 5pm 30 September 2010 (finalisation of the project)

“**Drilling Co-funding**” means monies distributed to successful applicants on completion of projects.

“Mining Tenement” means the area (or part thereof) outlined in the Proponent’s licence or lease granted under the *Mining Act 1978* (WA).

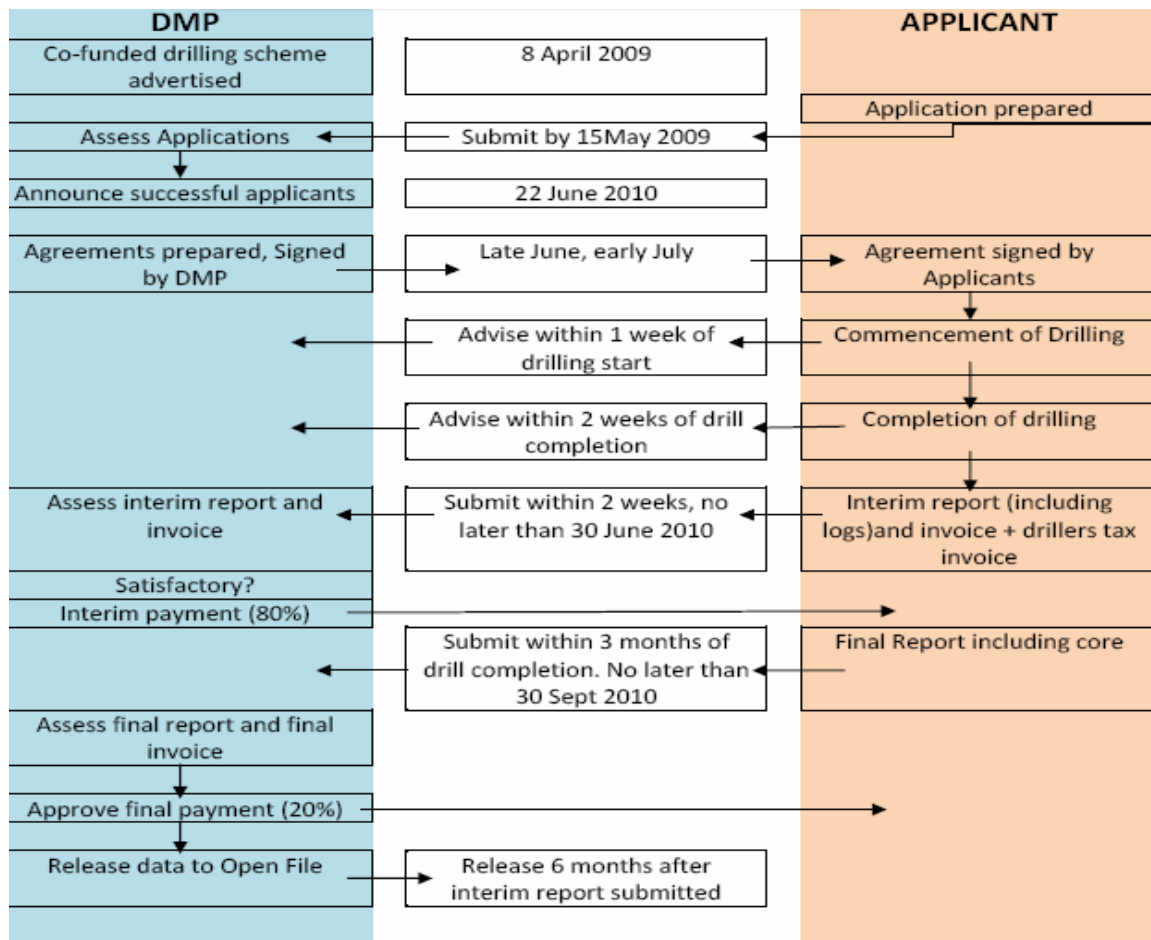
“Petroleum Tenement” means the area (or part thereof) outlined in the Proponent’s licence, lease or permit granted under the *Petroleum and Geothermal Energy Resources Act 1967* (WA).

“Geothermal Tenement” means the area (or part thereof) outlined in the Proponent’s licence, lease or permit granted under the *Petroleum and Geothermal Energy Resources Act 1967* (WA).

3. TIMELINES AND IMPORTANT DATES FOR 2009-2010

Important dates for the 2009-2010 Co-funded Drilling Program:

8 April 2009	Call for Co-funded Drilling Proposals
15 May 2009	Closing date for Project Proposals (5 pm deadline)
22 June 2009	Planned announcement of successful Proposals
22 June – 30 June 2009	Agreements signed by Applicants and DMP
1 July 2009.–.30 September 2010	Term of Funding Agreement for 2009/10 Co-funded Drilling
30 June 2010	Last date for acceptance of Interim Reports and invoices and drillers receipts for 2009/10 drilling projects (5 pm deadline). (Note: failure to meet this deadline means that the Funding Agreement is null and void)
30 September 2010	Last date for submission of Final Report (including core) for 2009/10 drilling projects. (5 pm deadline)



It is the Project Applicants' responsibility to ensure the Proposal has been received by the designated contact (Margaret Ellis, Coordinator Exploration Incentive Scheme) by the specified closing date and time. Acknowledgment, in accordance with the contact details provided on the Proposal Application form, will be made on receipt of each Proposal.

Projects must be completed and an Interim Project report together with company invoice attaching drillers tax invoice, delivered to The Director, Geological Survey of Western Australia, Department of Mines and Petroleum by **30th of June 2010**.

No extension beyond this date is allowable.

Final Reports and core must be submitted within 3 months of end of drilling and in all cases no later than 30 September 2010.

4. HOW TO APPLY FOR GRANT FUNDING

Simply download the project **Proposal Application Form** and these submission guidelines from the Geological Survey homepage on the website of the Department of Mines and Petroleum.

Department of Mines and Petroleum website: www.dmp.wa.gov.au

Geological Survey homepage: www.dmp.wa.gov.au/371.GSWA

Complete the **Proposal Application Form** and attach it together with a **Project Description**. The Proposals are to be submitted in both hard copy and digital format on CD (PDF format only). Applicants may submit more than one Proposal.

Each Proposal must include:

1. A fully completed **Proposal Application Form** including information regarding;
 - Complete Applicant contact details;
 - A short description of the proposed drilling program;
 - Number of holes planned;
 - Estimated number of metres to be drilled and drilling methods;
 - A realistic estimate of the total cost of the drilling;
 - The funding requested for the Project;
 - Progress on land access issues; and
2. A **Project Description** (5 pages or less) which addresses the Technical Assessment Criteria shown in Section 7. All associated figures, tables and maps in this section should be easily legible and reproducible (printed/copied).

Proposals shall be submitted to:

Margaret Ellis

Exploration Incentive Scheme Coordinator, Geological Survey of Western Australia

Department of Mines and Petroleum

100 Plain Street

EAST PERTH, WA 6004

Phone: +61 8 9222 3509

margaret.ellis@dmp.wa.gov.au

5. PROPOSAL ASSESSMENT

All Proposals will be assessed by an expert panel of officers in the Department of Mines and Petroleum and moderated by independent industry representatives nominated by the Director General, Department of Mines and Petroleum.

The panel will use predefined assessment criteria (key points shown in Section 7), and if requested, additional information or clarification, to evaluate and rank all Proposals received. The panel will make recommendations to the Executive Director, Geological Survey of Western Australia, a Division of the Department of Mines and Petroleum, or his authorised delegate, who will have final discretion on the Projects approved.

On completion of the assessment process all Proponents will be notified of the outcome of their application via email, prior to the public announcement of successful proponents. Successful proponents will then be formally notified in writing and of the date of the compulsory briefing.

There will be no right of appeal.

6. IMPORTANT FUNDING INFORMATION

Co-funding is only supplied for direct drilling costs which does not include administration and program management costs and costs associated with legal or ground access costs, mobilisation, geological, geochemical, geophysical, laboratory analysis or specific geoscientific analysis other than down hole position surveys;

Government funding of successful Proposals shall not exceed 50% of the total proposed direct drilling costs.

The maximum possible allocation for any one project funded by the Department of Mines and Petroleum will be up to the value of \$AUD 150,000 exclusive of GST.

Funding from the Department of Mines and Petroleum will not exceed the agreed amount.

Funding will only be allocated to those Proponents holding a granted mining tenement, petroleum tenement, or geothermal tenement, however, consideration will be given to those Proposals where it is considered by the panel that an application for a mining tenement, petroleum tenement, or geothermal tenement is likely to be granted within a reasonable time frame (i.e. within 6 months from proposal submission) and that other approvals (native vegetation clearance etc.) will be completed shortly thereafter..

7. DOCUMENT GUIDELINES AND ASSESSMENT CRITERIA

Project Proposals must be submitted in digital (PDF or MS Word) format on a CD-ROM **and** hard copy utilising the designated **Proposal Application Form** and be accompanied by a **Project Description** document addressing the technical assessment criteria specified below.

PROPOSAL APPLICATION FORM

1. The **Proposal Application Form** should be filled out as completely as possible and include:
 - A summary of the proposed drilling Project (**Project Description**);
 - Number of holes planned;
 - Estimated number of metres to be drilled and drilling methods; and
 - A realistic estimate of the total cost of the drilling.
2. The drilling cost estimates should be exclusive of GST, where the Proponent is registered for GST, and is entitled to claim an Input Tax Credit on GST costs.

Proponents not registered for GST should include GST in their drilling cost estimate.

3. Project Timelines for the Proposal must be realistic to ensure completion of drilling and delivery of the Interim Report and the tax invoice(s) to the Department of Mines and Petroleum by no later than **30 June 2010**.

4. Details of land access issues and progress to resolution should be detailed
Access requirements can include:
- Program of work (POW) application;
 - Native vegetation clearing permits;
 - Rehabilitation summary;
 - Native title and heritage issues;
 - Landowner issues;
 - Well applications;
 - WOPM (Well Operations Management Plan).

PROJECT DESCRIPTION - TECHNICAL ASSESSMENT CRITERIA

Proposal Documentation

Applicants should ensure that the Project Description conforms to the following:

- It is clear and concise (5 pages or less);
- Images are clear and decipherable;
- A suitably annotated geological plan and predictive cross section or 3D block diagram showing the geochemical, geophysical geological target/s to be drilled, with a drill hole trace/s outlined is included;
- Relevant supporting technical data is included.

The Project Description should address the Assessment Criteria shown below as appropriate, although it is not expected that all Proposals will conform to every criterion.

Addresses significant knowledge gaps and/or critical uncertainties in under explored areas (i.e. general geoscientific concepts) (assessed at 60% of total value of proposal)

- Tests innovative, soundly based mineral deposit model or petroleum / energy play
- Has potential to advance exploration activity in under-explored areas
- Delivers basic geoscientific information (i.e. resolves age, stratigraphic relationships, structural settings, untested geochemical or geophysical anomalies, or depth to geophysical targets or basement, new mineral commodity in area of application)
- Program tests area of previous ineffective drilling
- Demonstrates knowledge of geology and past exploration in area of application
- Has supporting evidence for target generation (including geological plans, cross-sections, etc)

Technical Merit of Proposed Program (Assessed at 25% of value of proposal)

- Proposed methods of analysis (i.e. assays, geochronology, isotopic analysis, downhole logging, quality control etc.)
- Type of drilling (i.e. is it cored?)

Proposals which will include full assay or other specialist data in the Final report which will be released to Open File, will be viewed favourably

In addition the Department will also look at the following criteria as part of the assessment process:

Land access and corporate issues(Assessed at 15% of value of proposal)

- Proposed program schedule (including likelihood of obtaining required approvals for program (7.4 above)
- Financial and technical capacity of the proponent to undertake the proposed program
- The Applicant has no outstanding reporting/compliance commitments

8. LEGAL PARAMETERS OF PROPOSALS

1. Subject to Item 2 below, contents of all Proposals will remain confidential, except for the location of the successful Proponent's Mining, Petroleum, or Geothermal Tenement
2. Although the Director General understands the need to keep commercial matters confidential in appropriate circumstances, the Director General reserves the right to disclose some or all of the contents of the Proposal so that the relevant Minister may answer questions raised in the Western Australian Parliament, keep Parliament informed or otherwise discharge the Minister's duties and obligations to Parliament and to advise the Governor, Parliament and/or the Western Australian Government. Any condition in a Proposal that purports to prohibit or restrict the Minister's right to make such disclosures cannot be accepted
3. Reservation of Rights - The Department of Mines and Petroleum reserves the right to:
 - Amend the Proposal closing date;
 - Amend the Conditions For Proposals at any time prior to the Closing Date for Proposals provided that the amendment is notified to prospective Proponents;
 - Clarify any aspect of a Proposal after the Closing Date for Proposals but before the evaluation of a Proposal;
 - Seek the advice of external consultants to assist the Director General in evaluation or review of Proposals; and
 - Abandon the process whether before or after the receipt of Proposals.
4. The Director General is not obliged to give any reasons for its selection or the abandonment of this process.
5. The Director General is not obliged to accept any Proposal.

6. The Director General may consider or accept (at the Director General's sole discretion) any Proposal including without limitation a late Proposal or the Proposal of a Proponent who has failed to submit a Proposal in accordance with these Proposal Guidelines.
7. No acceptance of a Proposal will be effective to constitute a contract or to create any legitimate expectation on the part of the Proponent unless a formal written agreement is executed by both parties.
8. Prior to accepting a Proposal the Director General may request additional information, including but not limited to, evidence of financial capacity.
9. The Director General, when considering a Proposal will expect that the following criteria are satisfied:
 - The Proponent possesses the necessary skills, knowledge and experience to comply with the Conditions For Proposals and undertake the proposed drilling Project; and
 - The Proponent is fully informed of all facts and conditions of all things relating to the Guidelines for Submission of Proposals.
10. Proponents are responsible for the cost of preparing and submitting their Proposal and all other costs arising out of the process.
11. Closing date for Proposal submission is **Friday 15 May 2009 at 5.00 pm.**

9. CONDITIONS OF ACCEPTANCE FOR SUCCESSFUL APPLICANTS

All successful applicants will be required to enter into a Funding Agreement with the State of Western Australia acting through the Department of Mines and Petroleum.

The following principles will apply to management of funding for successful Applicants:

1. Management of the successfully funded Projects will be undertaken by the Project Proponents and/or operational nominees. All liabilities associated with the Project remain with the Project Proponents.
2. Where total drilling costs for a completed Project are less than the estimate in the Proposal, the Department of Mines and Petroleum will provide funding in proportion to the ratio of the Department of Mines and Petroleum funding requested and the estimated total cost. A tax invoice from the Proponent Company, together with a concise summary of total drilling costs (including copies of tax invoices from drilling contractors) must be provided to the Director General.
3. Drilling must be conducted according to land access and environmental procedures for Western Australian mining, petroleum, or geothermal tenements (refer to the website of the Department of Mines and Petroleum for details).
4. Interim payment schedule:
 - Will be 80% of the agreed funds;

- The tax invoice and Interim Report must be submitted by the successful Proponents to the Director General within two weeks of the completion of drilling and in any case, no later than 30 June 2010;
 - Final payment will be made on submission of core and acceptance of the Final Report containing all technical information directly relevant to the drilling Project which should be submitted 3 months after the completion of the drilling and in any case no later than 30 September 2010 .
5. Details of the interim and final drilling reports and all deliverables will be defined in the Funding Agreement between the successful Proponent and the Department of Mines and Petroleum.
 6. Drilling assistance funding contributions from the Department of Mines and Petroleum cannot be included as part of company expenditure commitments for Mining, Petroleum, or Geothermal Tenements.

All results, including drill sample material, are to be made Open File after a maximum confidentiality period of six months (commencing after receipt of the Interim Report).

All deliverable data must be provided in the standard data formats for reporting results from mining, petroleum, or geothermal tenements as required by the Department of Mines and Petroleum (these are available on the Department's website: www.dmp.wa.gov.au). Drill core samples are to be lodged with the Department's Core Library on completion of the Final Report.

10. FINAL REPORT SUBMISSION AND FURTHER INFORMATION

The Final Report must be received within 3 months of submission of the Interim Report.

The Report must be received on or prior to **5 pm on 30 September 2010**.

Reports and enquiries should be directed to:

Margaret Ellis
Coordinator Exploration Incentive Scheme
Department of Minerals and Petroleum
100 Plain Street
EAST PERTH, WA 6004

Phone: +61 8 9222 3509
margaret.ellis@dmp.wa.gov.au

APPENDICES 1 to 5

(HYPERLINKS TO DEPARTMENTAL GUIDELINES)

1. Environmental guidelines (mineral exploration)

http://www.dmp.wa.gov.au/documents/Exploration_Rehab_Activities_Dec07.pdf

2. Environmental guidelines (petroleum & geothermal exploration)

<http://www.dmp.wa.gov.au/825.aspx>

3. Drill core guidelines

<http://www.dmp.wa.gov.au/770.aspx>

4. Guidelines for mineral exploration reports

http://www.dmp.wa.gov.au/documents/2009_Jan_CompleteGuidleinesRept-Website.pdf

5. Guidelines for petroleum & geothermal exploration reports

<https://wapims.doir.wa.gov.au/dp/pages/apptab/ITabManager.html>