

**FUNDING AGREEMENT  
ROYALTIES FOR REGIONS  
CO-FUNDED GOVERNMENT – INDUSTRY DRILLING  
PROGRAM  
2009/10**

**THE STATE OF WESTERN AUSTRALIA  
ACTING THROUGH THE  
DEPARTMENT OF MINES AND PETROLEUM**

*And*

THE RECIPIENT

## TABLE OF CONTENTS

<b>BACKGROUND</b> .....	4
<b>1. INTERPRETATION</b> .....	4
1.1 Definitions.....	4
1.2 Interpretation.....	8
<b>2. TERM</b> .....	9
<b>3. PROJECT</b> .....	9
3.1 Management of Project .....	9
3.2 Completion of Project .....	9
<b>4. REPORTING AND REVIEW</b> .....	10
4.1 Provision of Reports .....	10
4.2 Form of Reports .....	10
4.3 Approval of Interim Report .....	11
4.4 Approval of Final Report.....	11
<b>5. FUNDING</b> .....	11
5.1 Determination of Funding Amount .....	11
5.2 Submission of Tax Invoice .....	11
5.3 Prerequisites for Interim Payment Approval.....	12
5.4 Prerequisites for Final Payment Approval.....	12
5.5 Notice of Interim Payment Approval.....	12
5.6 Notice of Final Payment Approval.....	12
<b>6. DATES FOR COMPLIANCE</b> .....	13
<b>7. OBLIGATIONS OF RECIPIENT</b> .....	13
<b>8. WARRANTIES</b> .....	13
<b>9. INTELLECTUAL PROPERTY</b> .....	14
9.1 Grant of licence.....	14
9.2 Recipient Warranty and Indemnity .....	14
<b>10. RECORDS</b> .....	14
<b>11. INFORMATION</b> .....	15
11.1 Confidential information .....	15
11.2 Privacy and Disclosure of Personal Information.....	16
11.2 Publicity .....	17
<b>12. INSURANCE</b> .....	17

<b>13.</b>	<b>INDEMNITY</b> .....	18
<b>14.</b>	<b>CONFLICT OF INTEREST</b> .....	18
<b>15.</b>	<b>CHANGE OF CIRCUMSTANCES</b> .....	19
<b>16.</b>	<b>TERMINATION</b> .....	19
<b>17.</b>	<b>DISPUTE RESOLUTION</b> .....	20
<b>18.</b>	<b>ASSIGNMENT</b> .....	20
<b>19.</b>	<b>COSTS AND STAMP DUTY</b> .....	20
<b>20.</b>	<b>GST</b> .....	21
<b>21.</b>	<b>GENERAL</b> .....	21
21.1	Notices .....	21
21.2	Relationship between the parties .....	22
21.3	Amendments or variations in writing.....	22
21.4	Counterparts .....	22
21.5	No merger .....	23
21.6	Entire Agreement .....	23
21.7	Inconsistency .....	23
21.8	Further assurances .....	23
21.9	No waiver .....	23
21.10	Governing law and jurisdiction .....	24
21.11	Severability .....	24
21.12	Equal Opportunity, Anti-Discrimination and Privacy Laws .....	24
<b>22.</b>	<b>FORCE MAJEURE</b> .....	24
22.1	Definition of Force Majeure.....	24
22.2	Exclusion of certain events.....	24
22.3	Suspension and extension.....	24
22.4	Notification and diligence .....	25
22.5	Continued Force Majeure.....	25
	<b>SCHEDULE 1 PROPOSAL APPLICATION FORM</b> .....	27
	<b>SCHEDULE 2 PROPOSAL</b> .....	28
	<b>SCHEDULE 3 LETTER OF OFFER</b> .....	29
	<b>SCHEDULE 4 GUIDELINES</b> .....	30

**FUNDING AGREEMENT  
ROYALTIES FOR REGIONS  
CO-FUNDED GOVERNMENT – INDUSTRY DRILLING  
PROGRAM**

Made on the \_\_\_\_\_ day of \_\_\_\_\_ 2009

---

BETWEEN **THE STATE OF WESTERN AUSTRALIA ACTING THROUGH THE  
DEPARTMENT OF MINES AND PETROLEUM** ('Department')

AND ('Recipient')

**BACKGROUND**

- A. The Co-funded Government – Industry Drilling Program is being funded by the State Government to stimulate 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 \$20 million would be made available to stimulate innovative exploration drilling in Greenfield and under-explored parts of Regional Development Areas in the State. The new program is administered by the Department of Mines and Petroleum.
- B. The Recipient has applied for funding through the Initiative.
- C. The Recipient agrees to the Funding Offer being made by the Department.
- D. The Department has agreed to provide the Funding Amount to the Recipient on the terms and conditions set out below.

**IT IS AGREED:**

**1. INTERPRETATION**

**1.1 Definitions**

In this Agreement, except to the extent the context otherwise requires:

'**Business Day**' means a day other than a Saturday, Sunday or a public holiday in Western Australia;

'**Commencement Date**' means the date this Agreement is executed by the Parties;

**‘Completion’, ‘Complete’ or ‘Completed’** means the completion of the Project in accordance with the requirements of this Agreement including but not limited to the requirements in Schedule 1;

**‘Confidential Information’** means all material, information and records of a party, in whatever form that:

- (a) is by its nature confidential; or
- (b) the receiving party knows or ought to know is confidential, but does not include information that:
  - (i) becomes publicly available other than as a result of a breach of any obligation of confidence;
  - (ii) is obtained by a party from a third party without breach by that third party of any obligation of confidence concerning that Confidential Information; or
  - (iii) was already in a party’s possession (as evidenced by written records) when provided by or on behalf of the other party;

**‘Confidentiality Period’** means a period of 6 months after the Interim Report is received by the Department, during which period, the Proposal and Reports may not be publicly disclosed;

**‘Consequential Loss’** means any consequential, indirect, exemplary or punitive damage (including but not limited to loss of actual or anticipated profits or revenues, loss by reason of shut down or non-operation, increased cost of borrowing, capital or financing or loss of use or productivity) whether caused by or in relation to breach of contract, warranty, tort, product liability or strict liability;

**‘Contact Persons’** means the contact persons for each of the parties as specified in clause 21.1(f);

**‘Department’** means the Department of Mines and Petroleum in the State of Western Australia.;

**‘Direct Drilling Costs’** means the costs incurred by the Recipient for drilling the holes specified in Schedule 1 which may include costs payable pursuant to a drilling contract entered into or to be entered into between the Recipient and a drilling contractor for the purposes of the Project. For the avoidance of doubt, Direct Drilling Costs do not include administration and program management costs and costs associated with legal or ground access costs; mobilisation; geological, geochemical or geophysical work; laboratory analysis; or specific geoscientific analysis other than down hole directional surveys;

**‘Drilling Completion Date’** means the actual date that the drilling is completed;

**‘Estimated Direct Drilling Costs’** means the estimated Direct Drilling Costs for the Project as detailed in Schedule 1 and in the Proposal;

**‘Estimated Grant’** means the estimated amount of funding requested for the Project as set out in Schedule 1 and will be an amount that is up to 50% of Estimated Direct Drilling Costs, but at no stage shall exceed \$150,000 inclusive of GST;

**‘Final Report’** means the report to be provided by the Recipient in accordance with clauses 4.1(b) and 4.2(d) and approved by the Department in accordance with clause 4.4;

**‘Funding Amount’** means the actual amount of funding for the Project determined in accordance with clause 5.1;

**‘Funding Offer’** means the amount (including GST) of funding offered for the Project by the Department and referred to as Funding Grant in Schedule 3;

**‘Government Agency’** means any Commonwealth or State government department, authority, instrumentality or agency;

**‘GST’** has the same meaning as in the GST Act;

**‘GST Act’** means *A New Tax System (Goods and Services Tax) Act 1999* as amended;

**‘Guidelines’** means the guidelines for the Royalties for Regions Co-funded Government – Industry Drilling Program prepared by the Department for Proposals seeking a grant under the Initiative and a copy of which is attached at Schedule 4;

**‘Initiative’** means the Co-funded Government – Industry Drilling Program described in Paragraph A of the Background to this Agreement;

**‘Insolvency Event’** means an event that is deemed to occur if the Recipient:

- (a) informs the Department or another party in writing or creditors generally that it is insolvent;
- (b) commits an act of bankruptcy;
- (c) has a bankruptcy petition presented against it;
- (d) is made bankrupt;
- (e) has a receiver, manager, receiver and manager, trustee, administrator, controller (as that term is defined in section 9 of the *Corporations Act 2001 (Cth)*) appointed in respect to it or any of its assets;
- (f) has a liquidator or provisional liquidator appointed;
- (g) has an application made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
  - (i) appointing a person referred to in paragraph (e) or (f);
  - (ii) winding up the Recipient; or

- (iii) the Recipient entering into or resolving to enter into a scheme of arrangement or composition with or assignment for the benefit of all or any class of its creditors or proposing a re-organisation moratorium or other administration involving any of its creditors except for the purposes of reconstruction or amalgamation while solvent on terms approved by the Department;
- (h) stops or suspends payment to creditors generally or enters into an arrangement, assignment or composition with or for the benefit of its creditors generally or any class of them or proposes to do so; or
- (i) has anything analogous or having a similar effect to an event listed in paragraph (a)-(h) occurring to it;

**‘Intellectual Property’** means all types of intellectual property rights whether registered or not and includes all copyright (including moral and performer’s rights) and neighbouring rights, all rights in relation to inventions (including patent rights), registered and unregistered trademarks (including service marks and other insignia of origin), registered designs and circuit layouts, trade secrets and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields;

**‘Interim Report’** means the report to be provided by the Recipient in accordance with clauses 4.1(a) and 4.2(c) and approved by the Department in accordance with clause 4.3;

**‘Law’** includes:

- (a) Acts of the Commonwealth and the State of Western Australia;
- (b) ordinances, regulations, by-laws, orders and proclamations or other instruments of legal effect made under those Acts referred to in paragraph (a);
- (c) directions by any Government Agency exercising statutory powers in relation to the Project; and
- (d) approvals, licences, permits, registrations and consents from any person or Government body (federal, state or local) which by statute, regulation, bylaw, ordinance, order or proclamation has jurisdiction over the Project;

**‘Person’** and “Persons” includes individuals, firms, partnerships, bodies corporate, associations, governments, semi-governments, local authorities and agencies;

**‘Personal Information’** means information or an opinion (including information or an opinion forming part of a database), whether true or not and whether recorded in a material form or not, about an individual whose identity is apparent or can reasonably be ascertained, from the information or opinion;

**‘Privacy Act’** means the *Privacy Act 1988* (Cth) as amended;

**‘Project’** means drilling of the number of drill holes identified in Schedule 1 and in Schedule 2;

**‘Proposal’** means the proposal (which may include the proposal cover sheet) lodged by the Recipient, in accordance with the Guidelines, a copy of which is at Schedule 2;

**‘Recipient’** means the party whose details are set out in Schedule 1 under the heading “Applicant”;

**‘Relevant Legislation’** means the legislation that governs the Tenement and includes, as applicable, the *Mining Act 1978 (WA)* and the *Petroleum and Geothermal Energy Resources Act 1967 (WA)* and any regulations made under that legislation;

**‘Reports’** means the Interim Report and the Final Report provided under clause 4;

**‘Supply’** has the same meaning as in the GST Act;

**‘Tax Invoice’** means the tax invoice or tax invoices which comply with the requirements of the GST Act and are provided to the Department under clause 5.2;

**‘Taxable Supply’** has the same meaning as in the GST Act;

**‘Tenement’** means the area (or part thereof) outlined in the Recipient’s licence or lease granted under the *Mining Act 1978 (WA)* that relates to the Project as set out in Schedule 1;

**‘Term’** has the meaning given in clause 2;

**‘Value’** has the same meaning as in the GST Act;

**‘Western Australian Government’** means the government of the State of Western Australia.

## 1.2 Interpretation

In this Agreement, except to the extent the context otherwise requires:

- (a) the singular includes the plural and vice versa and a gender includes other genders;
- (b) a reference to a party is to be construed as a reference to a party to this Agreement;
- (c) a reference to a party to this Agreement or any other document or agreement includes its executors, administrators, successors and permitted assigns;
- (d) a reference to an item in the Background, clause, schedule, annexure or appendix is a reference to an item in the Background, clause of or schedule, annexure or appendix to this Agreement and references to this Agreement include its Schedules;
- (e) where a word or phrase is given a particular meaning, other parts of speech or grammatical forms of that word or phrase have corresponding meanings;

- (f) a reference to a document or agreement including this Agreement includes a reference to that document or agreement as amended, supplemented or varied from time to time;
- (g) in the interpretation of this Agreement, headings are to be disregarded.

## **2. TERM**

The Term commences on the Commencement Date and, unless terminated earlier in accordance with clause 16, terminates on the day after the Department pays the Funding Amount to the Recipient.

## **3. PROJECT**

### **3.1 Management of Project**

- (a) The Recipient (or its nominee, if appropriate) will be responsible for:
  - (i) the management of the Project;
  - (ii) any funds required for the Completion of the Project in addition to the Funding Amount; and
  - (iii) any and all liabilities and obligations associated with the Project, including its obligations under this Agreement.
- (b) The Recipient acknowledges and agrees that the Department has no obligations in relation to the Project other than to pay the Funding Amount in accordance with clause 5 and that the funding or any other support given to the Recipient by the Department under this Agreement will not affect any obligation the Recipient has in relation to the Tenement whether pursuant to the relevant Law or otherwise.
- (c) If the Recipient determines that modifications are required to the Project, the Funding Amount will remain payable if:
  - (i) the objectives of the Proposal are not altered; and
  - (ii) the proposed modifications are approved in writing by the Department.

### **3.2 Completion of Project**

- (a) The Recipient must manage the Project so that drilling is Completed no later than 12 months after the Commencement Date or by 17 June 2010, whichever is earlier.
- (b) Despite clause 3.2(a), the Recipient shall use its best endeavours to Complete the Project as soon as possible after the Commencement Date.

- (c) Within 2 weeks of the Drilling Completion Date the Recipient will notify the Department in writing of:
  - (i) the Completion of the Drilling; and
  - (ii) details as to the drilling work done.

## **4. REPORTING AND REVIEW**

### **4.1 Provision of Reports**

The Recipient will provide to the Department for its review and approval:

- (a) an Interim Report no later than 2 weeks after the Drilling Completion Date; and,
- (b) the Final Report no later than 3 months after the date of submission of the Interim Report.

### **4.2 Form of Reports**

- (a) Each of the Reports must be in a form compatible with reporting requirements as specified under
  - (i) *Section 115A of the Mining Act 1978 (WA) detailed in Guidelines for Mineral Exploration Reports on Mining Tenements (Schedule 4, Appendix 4) or;*
  - (ii) *the Schedule of Onshore Petroleum Exploration and production Requirements – 1991 of the Petroleum and Geothermal Energy Resources Act 1967 (WA) as detailed in Guidelines for data submission required under Western Australian and Commonwealth Petroleum legislation: Version 2 (2006) (Schedule 4, Appendix 5)*
- (b) The Reports required in accordance with this Agreement do not replace any requirements for statutory reporting under the *Mining Act 1978 (WA)* or any other relevant legislation.
- (c) The Interim Report includes the following matters:
  - (i) drill hole location including azimuth and dip;
  - (ii) summary drill logs;
  - (iii) any interim results of the Project; and
  - (iv) a statement in respect to any deviation or otherwise from the Estimated Direct Drilling Costs.
- (d) The Final Report includes the following matters:
  - (i) results of all proposed activities detailed in Schedule 2

- (ii) an interpretation of results, conclusions and recommendations for further work (with direct reference to the Project and the Proposal);
- (iii) plans, cross-sections and diagrams detailing the results;
- (iv) drill core (split core from diamond holes or drill chips from other types of drilling) in compliance with any Departmental Guidelines; and
- (v) any other information considered relevant by the Department and notified to the Recipient.

### **4.3 Approval of Interim Report**

The Department, in its sole discretion, may approve the Interim Report where the Interim Report includes the data specified under section 4.2 subsection (c).

### **4.4 Approval of Final Report**

The Department, in its sole discretion, may approve the Final Report if the Final Report addresses, to the extent that they are relevant to the Project, the data specified under section 4.2 subsection (d).

## **5. FUNDING**

### **5.1 Determination of Funding Amount**

- (a) The Funding Amount shall not exceed \$150,000 inclusive of GST.
- (b) Subject to clause 5.1(a) the Funding Amount will be determined as follows:
  - (i) where the actual Direct Drilling Costs are less than the Estimated Direct Drilling Costs, the Funding Amount shall be the amount which is the lesser of the Funding Offer and the amount which is 50% of the actual Direct Drilling Costs; or
  - (ii) where the actual Direct Drilling Costs are more than the Estimated Direct Drilling Costs, the Funding Amount will be the amount which is the lesser of the Funding Offer and the amount which is 50% of the Estimated Direct Drilling Costs.

### **5.2 Submission of Tax Invoice**

- (a) The Recipient shall submit a Tax Invoice to the Department requesting payment of the Funding Amount:
  - (i) either before or on the date that the Recipient submits the Interim Report to the Department in accordance with clause 4.1(a); and

- (ii) in all cases no later than 30 June 2010.
- (b) A Tax Invoice submitted by the Recipient to the Department under clause 5.2(a) must be accompanied by copies of the driller's tax invoice.
- (c) At any time before the Department approves a Tax Invoice under clause 5.3, the Department may, by notice in writing, request such further information that it requires to verify the Tax Invoice. The Department is not required to approve the Tax Invoice until such information is received.
- (d) The Recipient must promptly provide any information requested by the Department under clause 5.2(c).

### **5.3 Prerequisites for Interim Payment Approval**

Before the Department will issue a payment approval for the interim payment of 80% of the Funding Amount the Department must receive, review and approve:

- (a) the Tax Invoice and drillers tax invoice submitted under clauses 5.2(a) and 5.2(b);
- (b) any information requested by the Department under clause 5.2(c); and
- (c) the Interim Report provided in accordance with clause 4.1(a).

### **5.4 Prerequisites for Final Payment Approval**

Before the Department will issue a payment approval for the final payment of 20% of the Funding Amount the Department must:

- (a) receive, review and approve the Final Report under clause 4.1(b); and
- (b) be satisfied that the Recipient has fulfilled all of its obligations under this Agreement.

### **5.5 Notice of Interim Payment Approval**

Within 2 weeks of the Department being satisfied that the prerequisites set out in clause 5.3 have been met by the Recipient, the Department will notify the Recipient in writing that:

- (a) the prerequisites in clause 5.3 have been satisfied; and
- (b) the Funding Amount has been approved for the interim payment.

### **5.6 Notice of Final Payment Approval**

Within 2 weeks of the Department being satisfied that the prerequisites set out in clause 5.4 have been met by the Recipient, the Department will notify the Recipient in writing that:

- (a) the prerequisites in clause 5.4 have been satisfied; and
- (b) the Funding Amount has been approved for the final payment.

## **6. DATES FOR COMPLIANCE**

The Department may, at its absolute discretion, extend the dates for compliance stipulated in this Agreement by notice in writing to the Recipient.

## **7. OBLIGATIONS OF RECIPIENT**

The Recipient must:

- (a) advise the Department in writing (which for the purposes of this clause may be by email) within one week of the commencement of the Project that drilling has commenced;
- (b) undertake the Project in accordance with this Agreement, the Guidelines, any methodology set out in the Proposal and all applicable Laws;
- (c) acknowledge the contribution of the WA Exploration Incentive Scheme to its activities whenever possible, including acknowledgements in marketing material, public statements and signage; and
- (d) agree to provide public access to drill core material submitted to the Department as part of the Project, after the expiry of the Confidentiality Period.

## **8. WARRANTIES**

- (a) The Recipient warrants and represents to the Department as at the date of this Agreement and during the Term that:
  - (i) if the Recipient is a body corporate, it is duly incorporated and validly existing under the laws of the place of its incorporation;
  - (ii) it has power to enter into and perform its obligations under this Agreement and to carry out the Project;
  - (iii) entry into this Agreement, the performance of its obligations under this Agreement and the completion of the transactions contemplated by this Agreement have been duly authorised;
  - (iv) the Agreement is a valid and binding obligation enforceable according to its terms; and
  - (v) neither the execution nor the performance of this Agreement has or will breach any provision of:
    - (A) a law or treaty or a judgment, decree, ruling, order or decree of a government or government agency binding on it; or

- (B) any other document which is binding on it or its assets.
- (b) The Recipient must take all steps and provide all information and documents with regard to the warranties and representations as the Department may reasonably require and give the Department and its legal representatives such assistance and facilities as they may reasonably require to enable them to fully investigate the accuracy of the warranties and representations referred to in this clause.

## **9. INTELLECTUAL PROPERTY**

### **9.1 Grant of Licence**

- (a) The Intellectual Property in the Reports created by the Recipient under this Agreement vests in the Recipient.
- (b) The Recipient grants to the Department a permanent, irrevocable, free, world wide, non-exclusive licence (including a right of sub-licence) to use, copy, reproduce, communicate, adapt and exploit the Intellectual Property in the Reports for any purpose associated with the activities of the Department, anywhere in the world after the Department has received and approved the Final Report.

### **9.2 Recipient Warranty and Indemnity**

- (a) The Recipient warrants that:
  - (i) any use by the Department of the Reports does not and will not infringe the rights, including Intellectual Property rights, of any third party; and
  - (ii) the Recipient will, at no further cost to the Department, procure in favour of the Department all licences and consents to use, copy, reproduce, communicate, adapt and exploit any Intellectual Property of a third party which is comprised in or is necessary for the use of the Reports.
- (b) The Recipient indemnifies the Department for any breach of these warranties.

## **10. RECORDS**

- (a) The Recipient will keep full and accurate records of the conduct of the Project and the expenditure to which the Funding Amount will apply and make such records available to the Department throughout the course of the Project and

upon the Completion of the Project whenever reasonably requested by the Department.

- (b) The Recipient will use its best endeavours to ensure that any of its contractors comply with clause 10(a).
- (c) The Recipient must retain the records maintained under this clause for a period of not less than 7 years after the Project Completion Date.
- (d) For the avoidance of doubt, the requirements under this clause are not intended to replace any record keeping requirements that apply to the Tenement under the relevant legislation, including but not limited to the *Mining Act 1978* (WA).
- (e) To the extent that the requirements under this clause conflict with the requirements under the relevant legislation, the relevant legislation applies.

## 11. INFORMATION

### 11.1 Confidential information

- (a) Subject to clause 11.1(b) and 11.1(f), each party (**‘receiving party’**) agrees to keep confidential, and not to use or disclose other than as permitted by this Agreement, any Confidential Information of the other party (**‘disclosing party’**), including Confidential Information provided to or obtained by the receiving party prior to entry into this Agreement.
- (b) The obligations of confidence in clause 11.1(a) do not apply to Confidential Information:
  - (i) that is disclosed to the employees, advisers, agents, consultants or contractors of the receiving party, provided such people have a need to know the Confidential Information, but only where such employees, agents or advisers have been required to keep the Confidential Information confidential;
  - (ii) that is required to be disclosed by applicable law, or a court or by the rules of any relevant stock exchange or regulator, as long as the receiving party:
    - (A) discloses the minimum amount of Confidential Information required to satisfy the law or rules; and
    - (B) before disclosing any information does, if it is reasonably able to do so, give a reasonable amount of notice to the disclosing party and takes all reasonable steps (whether

- required by the disclosing party or not) to maintain such Confidential Information in confidence;
- (iii) if it is required under any administrative guidelines, directive, request or policy, whether or not having force of law;
  - (iv) that is in the public domain otherwise than as a result of a breach of this Agreement or other obligation of confidence;
  - (v) that is already known by, or rightfully received, or independently developed, by the receiving party free of any obligation of confidence; or
  - (vi) that may be disclosed by the Department to Parliament or a Government Agency (whether or not the Department is legally obliged to do so).
- (c) Subject to clause 11.1(b), each party may use and disclose Confidential Information of the other to a third party on a ‘*need to know*’ basis with the prior written consent of the other party.
- (d) If a party discloses Confidential Information under clauses 11.1(b) and 11.1(c), that party must ensure that such information is kept confidential by the person to whom it is disclosed and is only used for the exercise of rights or the performance of obligations under this Agreement.
- (e) Each party must:
- (i) take all steps and do all things that are reasonably necessary, prudent or desirable in order to safeguard the confidentiality of the other party’s Confidential Information; and
  - (ii) immediately notify the other party if it becomes aware of any unauthorised use or disclosure of the other party’s Confidential Information.
- (f) Despite any other provision of this Agreement, the Department may publicly disclose the results of the Project, including the contents of the Proposal or the Final Report, at any time after the expiry of the Confidentiality Period.

## **11.2 Privacy and Disclosure of Personal Information**

- (a) Where the Recipient has access to Personal Information in order to fulfil its obligations under this Agreement, it must:
- (i) where the Recipient is responsible for holding Personal Information, ensure that Personal Information is protected against loss and against

- unauthorised access, use, modification or disclosure and against other misuse;
- (ii) not use Personal Information other than for the purposes of the Agreement, unless required or authorised by law;
  - (iii) not disclose Personal Information without the written agreement of the Department, unless required or authorised by law;
  - (iv) ensure that only authorised personnel have access to Personal Information;
  - (v) immediately notify the Department if it becomes aware that a disclosure of Personal Information is, or may be required or authorised by law;
  - (vi) make its employees, agents and subcontractors aware of the Recipient's obligations under this clause 11.2 including, when requested by the Department, requiring those employees, agents and subcontractors to promptly sign a privacy deed relating to Personal Information; and
  - (vii) comply with such other privacy and security measures as the Department reasonably advises the Recipient in writing from time to time.
- (b) The Recipient must immediately notify the Department upon becoming aware of any breach of clause 11.2(a).

### **11.3 Publicity**

- (a) Other than announcements the Recipient is required to make to any relevant stock exchange, no public announcement or communication relating to the negotiations of the parties or the subject matter or terms of this Agreement may be made or authorised by or on behalf of the Recipient without the prior written approval of the Department.
- (b) The Recipient acknowledges that the Department may make such public announcement or communication as it may in its sole discretion decide provided that such public announcement or communication does not disclose specific details of the Final Report until after the expiry of the Confidentiality Period.

## **12. INSURANCE**

Insurance remains the sole responsibility of the recipient.

### **13. INDEMNITY**

- (a) The Recipient will indemnify and hold harmless the Department (and keep the Department indemnified) against all damages, losses and expenses (including legal costs) arising in any way:
  - (i) for personal injury, illness or death of any person to the extent the injury, illness or death is caused or contributed to by any act or omission or breach of this Agreement by the Recipient, or the Recipient's contractors or subcontractors in the course of executing the Project;
  - (ii) relating to loss or damage to any property of a third party to the extent that the loss or damage is caused or contributed to by any act or omission or breach of this Agreement by the Recipient, or the Recipient's contractor or subcontractors in the course of executing the Project;
  - (iii) out of a breach by the Recipient, the Recipient's contractor or subcontractors of an obligation arising under this Agreement or of a Law in the course of executing the Project.
- (b) The Recipient's liability to indemnify the Department under this clause:
  - (i) will be reduced proportionately to the extent that any negligent act or omission by the Department contributed to the relevant losses; and
  - (ii) does not extend to any loss of profits, loss of revenue, loss of anticipated profit or damages for lost opportunity including but not limited to cost of capital, cost of substitute facilities or services or loss of data.
- (c) The right of the Department to be indemnified under this clause is in addition to, and not exclusive of, any other right, power or remedy provided by law.

### **14. CONFLICT OF INTEREST**

- (a) The Recipient warrants that, to the best of its knowledge and after making diligent enquiries, at the date of this Agreement no conflict exists or is likely to arise in the performance of the Recipient's obligations under this Agreement.
- (b) The Recipient must ensure that no conflict arises with the Department during the Term of the Agreement.
- (c) If a conflict arises during the Term, the Recipient must:

- (i) immediately notify the Department in writing of that conflict and of the steps the Recipient proposes to take to resolve or otherwise deal with the conflict;
  - (ii) make full disclosure to the Department of all relevant information relating to the conflict; and
  - (iii) take such steps as the Department may reasonably require to resolve or otherwise deal with that conflict.
- (d) If the Recipient fails to notify the Department under this clause or is unable or unwilling to resolve or deal with the conflict as required, the Department may terminate this Agreement in accordance with Clause 16 as though this failure was a breach that cannot be rectified.

## **15. CHANGE OF CIRCUMSTANCES**

The Recipient will immediately notify the Department upon becoming aware of any change in its circumstances which may:

- (a) impact adversely on its capacity to Complete the Project; or
- (b) otherwise affect its eligibility to receive the Funding Amount.

## **16. TERMINATION**

The Department may immediately terminate this Agreement upon giving written notice of termination to the Recipient if:

- (a) the Recipient fails to fulfil or breaches any condition or obligation of this Agreement and fails to rectify such breach within 2 weeks of receipt of written notice from the Department setting out details of the breach and requiring the Recipient to rectify such breach;
- (b) the Recipient breaches any condition or obligation of this Agreement which cannot be rectified;
- (c) the Department is satisfied that any statement made in the Proposal, the Reports or any supporting information provided by the Recipient is incorrect, incomplete, false or misleading in a way which would have materially and adversely affected the original decision to enter into this Agreement or any decision to approve payment of the Funding Amount;
- (d) the Department is satisfied that, as a result of a notice given under clause 15, the Recipient no longer meets the eligibility requirements for the Initiative as set out in the Guidelines;

- (e) the Recipient, by written notice to the Department, withdraws from the Project; or
- (f) the Recipient suffers an Insolvency Event.

## **17. DISPUTE RESOLUTION**

- (a) The parties must use reasonable endeavours to resolve any dispute which may arise out of this Agreement or its implementation. Any meeting held under this clause will be held at the offices of the Department unless otherwise agreed.
- (b) If a dispute does arise, a party may, by notice in writing to the other party, call a meeting of the representatives of both parties to attempt to resolve the dispute.
- (c) If the representatives of the parties do not resolve the dispute within 4 weeks after the notice given under clause 17(b), the Chief Executive Officer of the Recipient and the Director General of the Department (or their respective nominees) must meet within a further 4 weeks to resolve the dispute.
- (d) If a dispute is not resolved under clause 17(c), either party who has complied with this clause may terminate the dispute resolution process.
- (e) Notwithstanding the existence of a dispute, each party must continue to perform their obligations under this Agreement.
- (f) A party may commence court proceedings relating to any dispute arising under this Agreement at any time where that party seeks urgent interlocutory relief.

## **18. ASSIGNMENT**

- (a) The Recipient shall not assign nor purport to assign this Agreement or any right under this Agreement without the prior written consent of the Department.
- (b) The Department may assign this Agreement and any right under this Agreement by notice to the Recipient.

## **19. COSTS AND STAMP DUTY**

- (a) Each party shall bear its own costs in relation to the preparation and administration of this Agreement.

- (b) The Recipient is responsible for paying any stamp duty payable on this Agreement and on any transaction undertaken or instrument or other document executed to give effect to any provision of this Agreement.

## **20. GST**

- (a) The parties acknowledge that all amounts stated in this Agreement include GST except where otherwise stated.

## **21. GENERAL**

### **21.1 Notices**

- (a) A notice required or authorised to be given or served upon a party under this Agreement must be in writing in the English language and may be given or served by facsimile, registered post or handed to that party at its address or facsimile number appearing in clause 21.1(f) or such other address or facsimile number as the party may have notified in writing to the other party.
- (b) In the absence of proof to the contrary a notice is deemed to have been given or served on the party to whom it was sent:
  - (i) in the case of hand delivery, upon delivery during Business Hours of the recipient;
  - (ii) in the case of registered post, 2 Business Days after the date of dispatch; and
  - (iii) in the case of facsimile transmission:
    - (A) at the time of dispatch if that dispatch is during Business Hours; or
    - (B) at 9am on the next Business Day following the day of dispatch, if the dispatch is outside Business Hours.
- (c) A notice given or served under this Agreement is sufficient if:
  - (i) in the case of the Department, it is signed by the Director General of the Department (or his or her nominee);
  - (ii) in the case of a corporation, it is signed by a director or secretary of that corporation; and
  - (iii) in the case of an individual, it is signed by that individual.
- (d) The provisions of this clause are in addition to any other mode of service permitted by law.
- (e) In this clause:

- (i) **'notice'** includes a demand, request, consent, approval, offer and any other instrument or communication made, required or authorised to be given under or pursuant to a provision of this Agreement; and
  - (ii) **'Business Hours'** means from 9am to 5pm on a Business Day.
- (f) For the purposes of this clause the address for service of each party is as follows:
- (i) **the Department**  
 Director General  
 Department of Mines and Petroleum  
 100 Plain Street  
 EAST PERTH WA 6004  
 Telephone: (08) 9222 160  
 Facsimile: (08) 9222 3633
  - (ii) **the Recipient**  
 Name:  
 Name:  
 Address:  
 Address:  
 Telephone:  
 Facsimile:
- (g) The Recipient must within seven days of any change of the details specified in clause 21.1(f)(ii) advise the State by providing written notice of the change.

## **21.2 Relationship between the parties**

No party:

- (a) is in any way the agent or partner of the other party for any purpose whatsoever nor has any right to hold itself out as such; and
- (b) may make any promise, warranty or representation nor execute any contract or otherwise deal in the name of or on behalf of the other party.

## **21.3 Amendments or variations in writing**

No amendment or variation to this Agreement has any force unless it is in writing and signed by all of the parties to this Agreement.

## **21.4 Counterparts**

This Agreement is validly executed if executed in one or more counterparts. The exchange of executed counterparts by facsimile will create a binding agreement.

## **21.5 No Merger**

The covenants, conditions, provisions and warranties contained in this Agreement do not merge or terminate upon completion of the transactions contemplated in this Agreement but to the extent that they have not been fulfilled and satisfied or are capable of having effect, they remain in full force and effect.

## **21.6 Entire Agreement**

This Agreement constitutes the entire agreement of the parties as to its subject matter and supersedes and cancels all prior arrangements, understandings and negotiations in connection with it. Any statement made in negotiations for this Agreement, which is not set out in this Agreement, does not form part of the agreement between the parties.

## **21.7 Inconsistency**

Where there is a variation or inconsistency between the provisions of the Schedules to this Agreement and the provisions of clauses 1 to 21 of this Agreement the provisions of clauses 1 to 21 shall prevail.

## **21.8 Further assurances**

Each party must do all things and execute all further documents necessary to give full effect to this Agreement and refrain from doing anything that might hinder the performance of this Agreement.

## **21.9 No waiver**

- (a) The failure of a party at any time to require full or partial performance of any provision of this Agreement does not affect in any way the full right of that party to require that performance subsequently.
- (b) The waiver by any party of a breach of a provision of this Agreement is not deemed a waiver of all or part of that provision or of any other provision or of the right of that party to avail itself of its rights subsequently.
- (c) Any waiver of a breach of this Agreement must be in writing signed by the party granting the waiver, and is effective only to the extent specifically set out in that waiver.

## **21.10 Governing law and jurisdiction**

This Agreement is governed by the laws of Western Australia and the parties submit to the exclusive jurisdiction of the courts of Western Australia.

## **21.11 Severability**

Where any provision of this Agreement is void, illegal or unenforceable, it may be severed without affecting the enforceability of the other provisions in this Agreement and the parties must attempt to replace that severed part with a legally acceptable alternative clause that meets the parties' commercial objectives.

## **21.12 Equal Opportunity, Anti-Discrimination and Privacy Laws**

The Recipient shall comply with the provisions of all Western Australian and Commonwealth privacy, anti-discrimination and equal opportunity legislation.

## **22. FORCE MAJEURE**

### **22.1 Definition of Force Majeure**

In this Agreement, **Force Majeure** means any event or circumstance not within reasonable control of the affected Party and which, by the exercise of due diligence and level of skill, prudence and foresight generally applicable to a reasonable and prudent operator, that Party is not reasonably able to prevent or overcome, including:

- (a) riot, civil insurrection, rebellion, revolution or civil commotion;
- (b) cyclones, tidal waves, tidal surges, earthquakes, floods, fires or any other physical natural disasters or actions of the elements;
- (c) strikes or industrial disputes; and
- (d) war (whether declared or not), invasion, act of terrorism or act of foreign enemies against Australia.

### **22.2 Exclusion of certain events**

Notwithstanding clause 22.1 above, lack of funds or an inability to use funds will not constitute Force Majeure.

### **22.3 Suspension and extension**

Performance of obligations under this Agreement are suspended during, and periods of time prescribed under this Agreement for the performance of obligations are extended by, the time and to the extent that such performance is prevented, wholly or in part, by Force Majeure.

## **22.4 Notification and diligence**

A party which is, by reason of Force Majeure, prevented, wholly or in part, from performing any obligations or condition required by this Agreement to be performed must;

- (a) notify the other party as soon as possible of reasonably full particulars of the event or circumstance of Force Majeure;
- (b) notify the other party, as soon as possible, of:
  - (i) the date of commencement of the event or circumstance of Force Majeure and an estimate of the period of time required to enable it to resume full performance of its obligations;
  - (ii) where possible, the means proposed to be adopted to remedy or abate the Force Majeure; and
  - (iii) the nature and extent of the obligations affected by, or other consequences of Force Majeure;
- (c) use all reasonable diligence and employ all reasonable means to remedy, mitigate or abate the Force Majeure as expeditiously as possible;
- (d) resume performance as expeditiously as possible after termination of the Force Majeure or after the Force Majeure has abated to an extent which permits resumption of performance;
- (e) notify the other party when Force Majeure has terminated or abated to an extent which permits resumption of performance to occur; and
- (f) notify the other party when resumption of performance has occurred.

## **22.5 Continued Force Majeure**

If:

- (a) a party has invoked the provisions of this clause 22;
- (b) the same event of Force Majeure prevents or inhibits the performance of any obligation or condition required to be performed under this Agreement for a period of three (3) consecutive months; and
- (c) the other party is materially adversely affected by the prevention or inhibition,

then either party may terminate this Agreement by thirty (30) days' notice to the other, in which event, unless there has been a cessation of the event of Force Majeure, this Agreement will automatically terminate upon the expiry of those thirty (30) days.

SIGNED SEALED AND DELIVERED  
for and on behalf of  
THE STATE OF WESTERN AUSTRALIA

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Witness  
\_\_\_\_\_

**Full name / position of Witness** \_\_\_\_\_

Date of signature:

Date of signature:

SIGNED SEALED AND DELIVERED

by

RECIPIENT:

ACN:

\_\_\_\_\_  
Principal

\_\_\_\_\_  
Witness / Principal

\_\_\_\_\_  
Full name / position of Principal  
\_\_\_\_\_

\_\_\_\_\_  
Full name / position of Witness /  
Principal  
\_\_\_\_\_

Date of signature:

Date of signature:

# Note: The execution clause will need to be amended depending on the nature of the Recipient. For example, a sole director company will be signed by the sole director; a multi-director company will be signed by 2 directors or a director and a secretary or as provided for in its constitution; and a joint venture will be signed by its operator on behalf of the joint venture participants.

## Schedule 1 Proposal Application Form

---

## Schedule 2 Proposal

---

## Schedule 3 Letter of Offer

---

## Schedule 4 Guidelines

---



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

**Financial Year 2009/10 program**

**Guidelines for submission of proposals**

**CONTENTS**

1. Introduction.....	33
2. Definitions.....	33
3. Timelines and important dates for 2009 – 2010 program .....	34
4. How to apply for co-funding.....	35
5. Proposal assessment .....	36
6. Important funding information .....	37
7. Document guidelines and assessment criteria .....	37
8. Legal parameters of proposals .....	39
9. Conditions of acceptance for successful applicants .....	40
10. Final report submission and further information .....	41
APPENDIX 1 – Information Sheet Environmental (minerals.....	42
APPENDIX 2 – Information Sheet Environmental (petroleum & geothermal).....	42
APPENDIX 3 – Information Sheet DMP drill core .....	42
APPENDIX 4 – Information Sheet (mineral exploration reports).....	42
APPENDIX 5 – Information Sheet (petroleum & geothermal exploration reports) .....	42

---

*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](http://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 15<sup>th</sup> 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.

“**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).

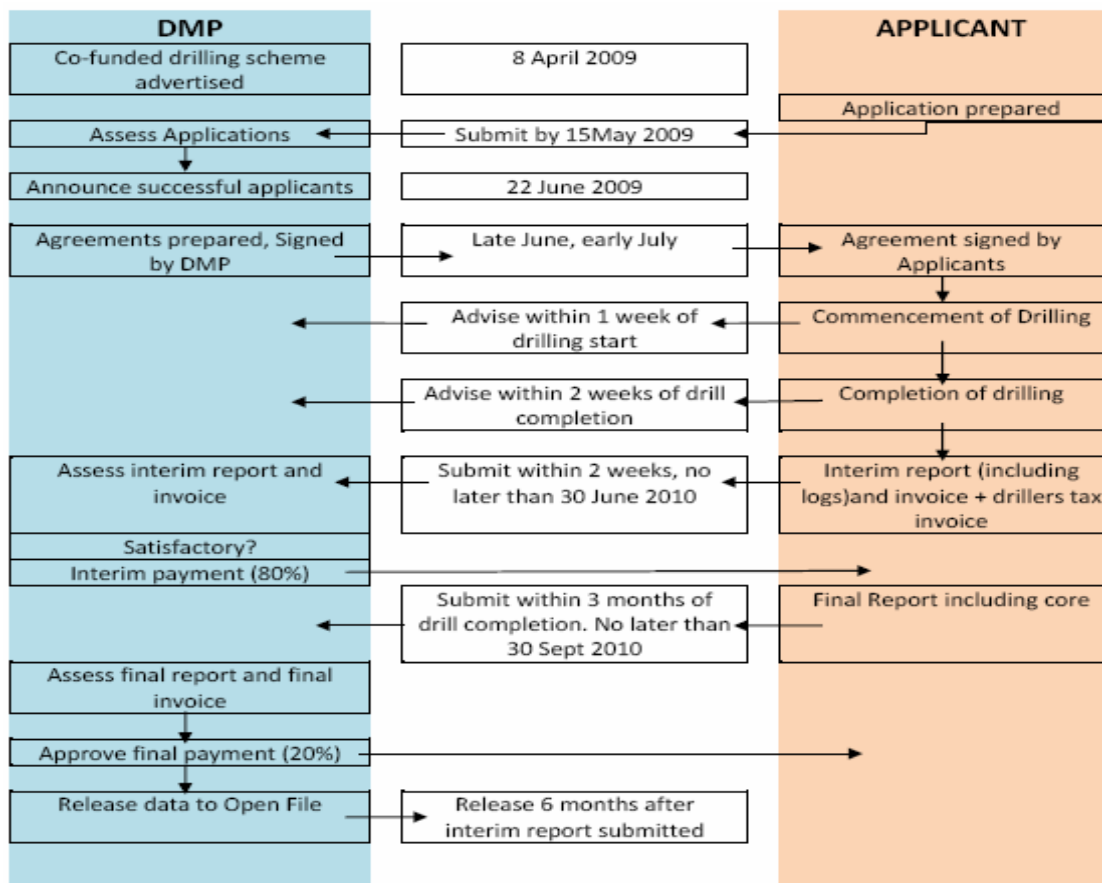
“**Mining Tenement**” means the area (or part thereof) outlined in the Proponent’s licence or lease granted under the *Mining Act 1978* (WA).

“**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).

### 3. TIMELINES AND IMPORTANT DATES FOR 2009-2010

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

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



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](http://www.dmp.wa.gov.au)

**Geological Survey homepage:** [www.dmp.wa.gov.au/371.GSWA](http://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](mailto: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 inclusive 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](http://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](mailto: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](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](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>